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Majlis Rejects Bani-Sadr; Official Orders His Arrest

By Barry May

TEHRAN - Iran's revolutionary prosecutor-general ordered the arrest of President Abolhassan Bani-Sadr on Sunday after the parhament declared the president po-

litically incompetent Prosecutor-General Ali Qoddousi said in a statement broadcast to the nation that foreign re-ports of Mr. Bani-Sadr's flight from Iran were incorrect, and he called on the people to arrest the president if he were found. On Saturday, more than 20 people were killed in street fighting between groups supporting and opposed to

the president.

Mr. Bani-Sadr has not been seen in public since the revolutionary leader, Ayatollah Ruhollah Khomeini, dismissed him as commander-in-chief of the armed forces on June 10. That day, in his last public appearance, the president was returning to Tehran from a battle zone of the war with Iraq.

177 For, 1 Against

Mr. Ooddonsi said anyone sheltering or cooperating with Mr. Bani-Sadr would face prosecution. The overwhelming incompeten-cy vote in the Majlis (parliament) after two days of debate paved the way for Mr. Bani-Sadr's removal from the presidency by Ayatollah

Khomeini under Iran's Islamic constitution.

The vote was 177 against the president, one for him, and one formal abstention. Eleven deputies did not vote and Speaker Hashemi Rafsanjani said they would be considered to have abstained.

Mr. Qoddousi's statement said the president faced prosecution in connection with "several problems including provocation of [political] groups to resist legal institutions and the Islamic republic, and encouraging prisoners to go on hun-ger strike."

The statement added: "He is summoned to the revolutionary prosecutor's office and we ask the whole nation to arrest him wherever they may see him and hand him over to the Komiteh [security centers] or Revolutionary Guards."

Western diplomatic sources in Turkey said Sunday that they be-lieved Mr. Bani-Sadr had left Iran and may have traveled through Turkey. There was no official confirmation of the report.

"We don't know where he has gone, but we believe he is no long-er in Iran," a senior diplomat said. The sources said they believed the president's most likely destination was France, where he spent many years in exile during the shah's

Turkish officials said the government's position had not changed since Friday, when a Foreign Ministry spokesman said authorities had no knowledge of Mr. Bani-Sadr's whereabouts. The possibility of Mr. Bani-Sadr being in Turkey is a sensitive matter for Turkey, which has tried to maintain a balance in relations with Iran and Iraq.

The result of the Majlis vote was relayed by loudspeaker to a crowd of about 10,000 outside the parliament building. It was greeted with cries of "God is great" and "Death to Bani-Sadr."

Mr. Rafsanjani said in the Majlis earlier Sunday that the president was in hiding and movig from one house to another. Mr. Bani-Sadr's wife was arrested during street lighting Saturday over the issue of the president's fate. She was questioned in Tehran's Evin Prison and later re-

leased, the state radio said. Tehran hospitals reported at least 24 persons killed in Saturday's clashes and more than 200 wounded. Most of the dead were men in their 20s who had been shot, hospital officials said.

The revolutionary presecutor's office announced that 15 "counterrevolutionaries" arrested in the street lighting had been condemnned to death by a revolution-



Abolhassan Bani-Sadr

ary court for creating disorders and were executed by firing squad in Evin Prison on Sunday morn-

Ayatoliah Sadegh Khalkhali, the former roving judge who sent hun-dreds of people before firing squads after the 1979 revolution, said in the Majlis that 50 of what he termed the leftists responsible for Saturday's clashes must be shot by Sunday night.

"We will show them that we are the men of war and will dig their graves in the streets," he said. Ayatollah Khalkhali and Mr. Rafsanjani received a deafening

(Continued on Page 2, Col. 3)

French Socialists Wrap Up Full Control of Legislature

By Jonathan Kandell

PARIS - The French Socialist Party emerged with a large majority of National Assembly seats in the final round of the legislative elections Sunday, giving President Francois Mitterrand the power to part all of his legislative and pass all of his leftist economic and political programs.

At 10 p.m. Paris time, the Minis-

try of Interior announced that the Socialists had won well over half of the legislative seats, with 41 races still not decided.

According to computer project tions on state television, the Socialists will have about 290 seats in the 491-member National Assembly.

The landslide means that Mr. Mitterrand and his Socialists will not be beholden to the Communist Party either in the government or legislature. According to the vote projections, the Communists took only 43 legislative seats, or half of the 86 posts they had in the last National Assembly, which had been under conservative control when President Mitterrand dissolved it after his own election last month.

The conservatives were transformed into a feeble minority. One state television computer forecast

gave them only 152 seats in the new National Assembly — 81 for the neo-Gaullists and 71 for the Giscardists. This will leave them impotent to block the major economic and political reforms that Mr. Mitterrand is proposing in-cluding a revision of the tax base, the nationalization of the remain-ing private banks and up to 11 important industrial groups, and a decentralization of decision-making that would give more power to local regions and communities.

Conservatives Routed

The rout of the conservatives, who had been in power for 23 years, began last month when Valery Giscard d'Estaing, the center-right incumbent president, was defeated by Mr. Mitterrand. In the first legislative election round on June 14, the left outdistanced center-right candidates by 56 to 43 percent. The conservatives took refuge in the high abstention rate of about 30 percent, which they blamed on their own dispirited

But in Sunday's runoffs, the lower abstention rate — estimated at about 24 percent — did not appear to have helped the conserva-

The stunning Socialist victory in the legislative elections was only the second time this century that a single party had won such an ample majority. The Gaullists achieved a comparable margin in the National Assembly elections of 1968, when De Gaulle benefited from a large public backlash against the worker-student revolt that year.

Lionel Jospin, the first secretary of the Socialist Party, hailed the election results as an "affirmation of the clear determination by French men and women for a new political course in the country."
He promised that the Socialists would govern with "a spirit of tolerance" toward the conservative opposition, and would observe a respect for the ideas of others."

Failure Forecast

Speaking for the conservative camp, Jacques Chirac, the neo-Gaullist leader, predicted that the Socialist government's economic and political programs would soon fail. "I am sure that the French will then turn to us again," he said. "And we will be able to respond to their expectations.

Taking a less rigid stance, anoth-

canuet, a Giscardist, said "Our op-position will not be systematic, but

neither will it be complacent. The chief architect of the leftist surge to power this year was undoubtedly President Mitterrand, who until recently had been considered a 64-year-old political hasbeen with a losing image after two unsuccessful runs for the presiden-cy. But Mr. Mitterrand insisted that after a generation of conserva-tive rule — and growing discontent with mounting unemployment and inflation — the country was ready

for another government.
The Socialist leader toned down the radical rhetoric of his previous campaigns, giving the impression that he was offering a center-left alternative. He maintained a tran-quil, confident pose throughout the presidential race. As he predicted, his election produced a groundswell of support from the electorate who responded to his arguments that he would need a legslative majority to govern effec-

Mr. Mitterrand was also successful in the delicate task of winning over substantial numbers of Communist voters without attacking their party directly. Besides

(Continued on Page 2, Col. 6)

U.S. Said to Prepare 'New Policy' in Asia

By Bernard Gwertzman New York Times Service

WELLINGTON, New Zealand U.S. Secretary of State Alexander M. Haig Jr. was reported on
Standay to see "no urgency" in
dealing with the possible sale of advanced jet lighters to Taiwan and to hope that the decision on whether to provide such equip-ment, strongly opposed by China, will be based solely on Taiwan's genuine defense needs and not on political grounds to balance possiway and ble arms sales to China.

In a briefing, meant to cittline the Reagan administration's new Asian policy, reporters traveling with Mr. Haig were told that in addition to the delicate problem of dition to the delicate problem of advancing relations with China while not undercutting Taiwan, there is a major and potentially difficult situation developing over Japan's refusal to spend as much on defense as urged by the Reagan

administration. Mr. Haig's position, as explained to reporters, is that even though he shares the Pentagon's pk desire to see Japan take more of a role in its defense, there are limits to which the United States should CLAS or can do in pressuring a friendly

In a meeting with Mr. Haig in Manila on Friday, Foreign Minis-ter Sunao Sonoda complained of SIFIED A Defense Department pressures on the spending quantities

International Power

EASILY

ccount.

In his conversation with Mr. Sonoda, Mr. Haig told the Japanese official that the United States wanted Japan to be a truly international power so that it was "not an economic giant and a military pyg-my." On Sunday, however, reportmy." On Sunday, however, reporters were told that "it serves no useful purpose to embarrase visualization of the purpose visualization of the visualization of the purpose visualization of the visualization of 100 mm 10 leaders and play into the hands of their opponents.

As a result, an impression was created of differences in approach between the Defense and State Departments over the issue even

By Leonard Silk

New York Times Service

ministration, to provide \$658.3 million as the U.S. contribution in

a general increase for the World

Bank. Also jeopardized is another

\$3.2 billion over three years to re-plenish the International Develop-

ment Association, the bank's "soft-

loan" affiliate that lends to the

"essentially we are bankrupt to-

day. At the end of next week, the

end of our fiscal year, we will have

about \$1 billion of IDA credits ap-

proved by our board, but for

which we have no commitment au-

thority, and hence no authority to

"With respect to IDA," he said,

the Third World.

poorest countries.

claims to speak with one voice.

The "new policy" that was outlined without direct attribution to Mr. Haig is meant to provide a framework for what he talked about and accomplished in his talks in Peking and Manila in recent days. He arrived in the New Zealand capital Sunday afternoon for a routine meeting with Australia and New Zealand on the Anzus

As outlined by Mr. Haig, the policy lays stress on American flexibility with a determination to combine political, economic and security aspects to promote American interests in Asia. There was no such statement of

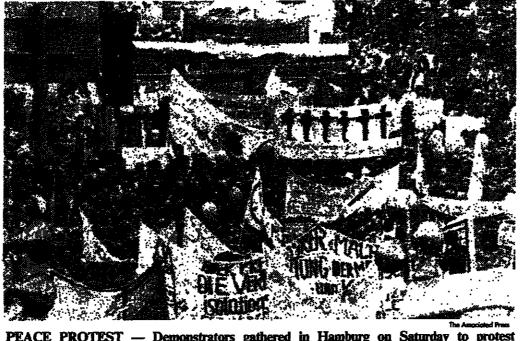
policy issued before Mr. Haig left Washington for Asia and this was through the trip, in part to deflect the attention that they felt was being paid to the decision to allow Peking to become eligible for arms sales, even though no specific transaction has yet taken place. Nevertheless, what the reporters

were told of Mr. Haig's position on the Taiwan issue served to keep up interest in the subject. While in Peking Mr. Haig had been told that if the United States went ahead with arms sales, particularly of the advanced fighter plane known as the "FX" this could have extremely serious consequences for American-Chinese policy.

The question "has to be dealt with in terms of need, it has to be dealt with in terms of the purpose to which it would serve," the reporters were told, "I see no urgency on this subject at all."

In the discussion of the Asian olicy, Taiwan was not mentioned, but it was described as a "rather impregnable aircraft carrier" in enswer to questions, "in a vital sea

lane."
Several of Mr. Haig's aides have said in private that there is no military necessity for Taiwan to receive either of the two FX mod-(Continued on Page 2, Col.1)



NATO's plans to deploy new nuclear missiles in West Germany. Police estimated that at least 60,000 people, many attending the national Protestant congress, took part in the rally.

Haig Says Better Relations With Hanoi Tied to Pullout of Troops in Cambodia

By Don Oberdorfer and William Branigin Washington Post Service

MANILA — U.S. Secretary of State Alexander M. Haig Jr. told the foreign ministers of non-Com-munist Asia here that the United States will not improve relations with Vietnam or ease its economic and political pressures as long as Vietnamese troops occupy Cambo-

Spelling out a tough U.S. policy, Mr. Haig on Saturday also called for concerted international political, diplomatic and economic efforts to deal with the Vietnamese refugee problem at its source. Mr. Haig did not refer to military presby Assistant Secretary of State

Mr. Haig told the 14th foreign ministers meeting of the Association of Southeast Asian Nations (ASEAN) that the United States will give strong backing, including his personal participation, to the planned international conference on Cambodia at the United Nations starting July 13.

Strategy for that conference was the focus of discussions among Asian diplomats here. Also participating in the ASEAN foreign ministers meeting, as has been the case for several years, were Japan, Australia, New Zealand, and Canada in addition to the United States.

Since the Vietnamese invasion sures on Vietnam, a subject men-tioned publicly in Peking last week policymakers have relied on a

combination of political pressures mounted by Southeast Asian nations and military pressure by China to contain Hanoi's activity. The repercussions of U.S. withdrawal from Vietnam, referred to Saturday by the conference chairman, Philippine Foreign Minister Carlos P. Romulo, as "scars not only on the American people but on all of us," seemed almost to preclude renewed U.S. military invovivement in Indochina

Mr. Haig said Vietnam had imposed a thinly disguised "vas-salage" on its neighbors, but under questioning he said that recourse to U.S. military action is not a normal or anticipated approach to the

Regarding economic pressures (Continued on Page 2, Col.1)

New Spending Unlikely to Close Weapons Gap, Weinberger Says Saudi Arabia but these "enhanced By Drew Middleton expenditures, after inflation, with

New York Times Service

WASHINGTON - Secretary of Defense Caspar W. Weinberger has acknowledged in an interview that the Reagan administration's accelerated military effort was unlikely to close the gap between the United States and the Soviet Union in conventional weapons in the immediate future.

But he stressed in the interview

 Moscow sees developments in Poland and Western missile plans as attempts to undermine the Warsaw Pact. Solidarity leader Lech Walesa urges Poles to give the govern-ment a chance to rule. Page 5.

to NATO allies the strength and

resolution of the United States. During the interview, in his office at the Pentagon, Mr. Weinberger said he had no idea what was behind Prime Minister Menachem Begin's denunciation of him during the tension over Israel's June 7 attack on Iraq's reactor center outside Baghdad.

"It is essential to recognize the safety of the region as a whole," he said, "and to recognize that mod-erate and friendly Arab govern-ments play a role in that security. The recognition of this is the only way to bring peace to the region."

The defense secretary said he did not think his former connection with the Bechtel Corp. of San Francisco had anything to do with Mr. Begin's criticism. The corporation, he conceded, has been involved in construction programs in

the entire region." Some critics allege that the company has done much more, particularly in the field of communications, than build a foundation for Arab economic development.

Military Challenge

In his discussion of the military challenge from the Soviet Union, Mr. Weinberger said: "We must move very rapidly to be ready with what we have and to bring onto line additional strength right

The Soviet advantage in military manpower is likely to continue, he said. The United States "can't keep a nation in arms and neither can its NATO allies."

But he added that the United other imbalances, for instance, by deploying antitank missiles in Europe to offset an estimated 4-to-1 Soviet advantage in tanks there. The point of equality has not yet been reached, Mr. Weinberger

In tactical aircrast, he said, the West was "pretty close" to the Soviet Union, although Soviet production capacity has been growing far faster than that of the United States. In some recent years, he said, there has been a negative

growth in the United States. The secretary of defense is amiably tolerant of some of the criticism leveled at the Pentagon and the Reagan administration for a projected defense program esti-mated at \$1.3 trillion to \$1.5 trillion over the next five to seven

This would include an annual

the budgets for 1981 and 1982 as the base years. "A lot of people talk about the 7-percent increase as throwing

money at a problem but they offer no specifics," he said.

Mr. Weinberger also rejected criticism that there is no sense of

strategy within the administration. "The problems we face require a lot of dollars," he said. "We are short of nearly everything and if we are to improve conventional readiness and modernize arms, including two legs of the nuclear triad, improve recruiting and estab-lish a Rapid Deployment Force,

then money must be found not only to deter Soviet aggression but to defeat it if it comes.

The two legs of the defense triad he referred to are missiles and

Mr. Weinberger's view is that the services are faced by a potential enemy that has built a wide range of advanced land, sea and air weapons systems, "some of which are more modern than

We can't build weapons less accurate, less lethal than theirs," he

Mr. Weinberger said that, although he realized many experienced American and allied military leaders believed the United States must introduce some form of conscription, he wished to avoid

this as long as possible. "We know what the draft did to the social fabric of this country in the '60s," Mr. Weinberger said.

Israeli Cabinet Condemns UN Resolution Against Reactor Attack, Criticizes U.S.

By David K. Shipler New York Times Service
JERUSALEM — Israel on Sunday rejected the UN Security Council's condemnation of the bombing attack on Iraq's nuclear reactor two weeks ago and chided the United States for approving

In a statement read by Prime Minister Menachem Begin, the Iraq planned to develop atom-

'this uniust resolution.'

ic bombs, a former nuclear plant inspector says. Page 2. Cabinet said that the council action, which came last Friday,

"gave expression to the double standard prevailing in the international body." "The Iraqi dictatorship built a reactor in order to prepare secret-ly, under false pretentions and

deceit, atomic bombs to be thrown

in time on the centers of the Jewish

population in the state of Israel."

the communique declared. "For what are they condemning at the Security Council?" the statement went on. "Not the potential producer of atomic bombs, but the people who prevented, thanks to the heroic action of its sons, the disaster to be suffered by its citi-

Mild Rebuke

The statement added a relatively mild rebuke of the Reagan administration: "In sorrow, we note that the United States, our friend and ally as stated by its ambassador to the United Nations, gave hand to the grave wrong done to Israel. The United States has even conducted talks with Iraq in order to formulate a resolution agreed beforehand between the two of

them." Despite the American vote, officials in Jerusalem remained optimistic about the course of American-Israeli relations, stressing President Reagan's acknowledgement at a news conference last week of the threats posed to Israel by Iraq and other Arab states.

"Reagan gave us the feeling that this vote was pro forma," one official said, noting Washington's desire to maintain decent relations with the Arabs .

Yehuda Blum, Israel's ambassador to the United Nations, even praised the American ambassador during an interview in Hebrew on Israel Army radio.

Political Interest

Mr. Begin is regarded as having political interest, just nine days before the parliamentary election, in playing down the damage done by the raid to American-Israeli re-

Israeli military officers, however, are being quoted in the Israeli press as fearing that the attack has undermined American trust of Israel and may jeopardize the embryonic "strategic dialogue" that began to develop between the two countries after Mr. Reagan took

The June 7 attack on the reactor appeared to have boosted Mr. Begin's standing in the public opin-ion polls. However, a survey of 1,268 adults by the Modi'in Ezrahi Applied Research Center between June 15 and 18 showed Mr. Begin's Likud bloc winning 49 of the 120 seats in the parliament, as op-

fore the attack. The results, published Sunday by the English-language Jerusalem Post, also showed a drop by the

opposition Labor Party from 40 seats just before the reactor strike to 37 just afterwards. The percentage of undecided voters rose from 14.5 to 22.8 in the same period.

Habib Meets Saudis

JIDDA (AP) — U.S. Presidential envoy Philip C. Habib met Sunday with Saudi Arabia's foreign minister, Prince Saud al-Faisal, in his continuing effort to end the Syrian-Israeli missile crisis, a U.S. Embassy official said. The official declined to give details of

INSIDE

Budget Battle

U.S. President Reagan joins a new budget battle with the Democrats on Capitol Hill by strongly endorsing a Republican proposal to change the basic spending priorities established by House committees over the last month. Page 3.

Space Link-Up

Two of the Soviet Union's largest satellites capable of carrying men link up in orbit — the precursor of a very large space complex that U.S. sources expect to have military uses.

McNamara Warns U.S. on Third World Aid

Retiring World Bank President WASHINGTON - Robert S. **Sees Congress Faltering on Funds**

McNamara, who retires this month after 13 years as president of the World Bank, believes that U.S. economic and political interests will be seriously injured if it countries will exercise their right retreats further from its earlier under a trigger clause tied to the U.S. contribution and withhold commitments to aid the poor in their support, and the affiliate will In an interview last week, Mr. McNamara said Congress was "on the verge of repudiating" agree-ments by the Carter administra-tion, endorsed by the Reagan ad-

full authorization of \$3.2 billion for the development affiliate, the Democratic-led House Banking and Currency Committee has cut the authorization to \$1.9 billion. Because there is little support for even the truncated bill among Republicans or Democrats in either house, the funds may be ex-

cluded from the reconciliation bill

While the Republican-dominat-

Passionately Involved Thus, with just more than a week to go in his job, Mr. McNamara is working down to the vire. At 65, he looks thin and fit. His eyes are bright and restless be-

And, he added, "those are for projects that are to deal with these hind silver-rimmed spectacles. very basic problems," of poverty and financial crisis, "the solution to which will benefit not only the He seems as passionately involved in his job as he did when President Lyndon B. Johnson accepted his resignation as defense developing countries but the Unitsecretary in 1968 and backed him

If the United States fails to sup-port the development affiliate, Mr. Bank. This post has always been McNamara believes that other held by an American — Mr. held by an American — Mr. McNamara's successor will be A.W. Clausen, former chairman of the Bank of America.

It was former President Jimmy

Carter who named Mr. Clausen to

the post, with President Reagan's

ed Senate, following the White concurrence, although the extent House endorsement, has voted the of the Reagan administration's commitment to the World Bank's aid program remains in doubt. The factor that will determine whether the authorization of aid for the World Bank group dies in Congress or passes is likely to be the pressure exerted by Mr.

tol Hill on behalf of the bill. But the White House appears reluctant that ultimately emerges from Con- to fight hard for foreign aid. In the interview, Mr. McNamara talked on a wide range of economic, political and technical subjects, rarely consulting notes for data. The McNamara personality is not computer-like, but a blend of precision and emotion. He himself speaks of the need

Reagan and his lobbyists on Capi-

hard head." His uppermost concern at the moment is to rescue and strengthen U.S. support for the World

to combine "a soft heart and a

"The United States contribution development assistance," he

said, "is disgracefully low; it has declined in relation to national income 90 percent since the Eisen-hower administration at a time when national income in real terms per capita has more than doubled. It is today the 15th lowest among the major industrial nations. There is no other large industrial nation providing as low a proportion of its national income to development assistance; it is disgraceful. Mr. McNamara said that if the United States slashed its support

for poor countries, the country would be penalized in the follow-• Inflation, because the World Bank finances production of essential commodities, the scarcity of which could raise world prices foodstuffs and energy, for exam-

• Economic growth, because Third World countries absorb roughly a third of U.S. exports. If lack of financial support erodes this market, domestic production and employment could be badly

 Strategic interest, because lower rates of economic and social advance in the developing countries are almost certain to bring political instability damaging to the United States, adding to its military costs and adversely affecting its national security.

When asked about the assertion

that the World Bank is supported by U.S. commercial bankers as a kind of bail-out operation for banks that lent too heavily to developing countries, Mr. McNamara responded:

"On the contrary, it's supported by individuals in this country who understand that our own economy will suffer, not the banks. The banks are intelligently managed; their loans to developing countries are a relatively small percentage of their total loans outstanding; they



Robert S. McNamara

have appropriate reserves in rela-

(Continued on Page 2, Col. 5)

Carter, Reagan Administrations **Quashed China Spy-Post Story**

By Murrey Marder Washington Past Service

WASHINGTON - For almost a year, the Carter and Reagan administrations did their utmost to prevent public disclosure of the existence of two secret electronic monitoring stations operating in China with U.S. equipment and Chinese personnel.

The Carter administration succeeded in keeping the story out of print, but the Reagan administration did not although vigorous at-tempts by top-level officials to forestall publication continued into the late afternoon last Tuesday, just before NBC-TV's nightly

The NBC report was not the first public reference to the secret missile-monitoring stations, but it had the greatest national and international impact. Anchorman John

Chancellor opened by saying:
"Good evening The United States and the People's Republic of China have been watching missile tests in the Soviet Union for the past year from two secret monitoring stations deep in China ... '

their replacements.

In piecemeal fashion, veils were being removed from a behind-thescenes debate involving the gov-erument and press about publishing a story that officials of two adnistrations had tried to keep out

Ironically, the beginnings of the

U.S. Reportedly Prepares 'New Policy' Toward Asia

els, the F-5G or the F-16/79, since China is unable to mount a credible threat to Taiwan and in fact is trying to persuade Taiwan to enter into conciliatory discussions.

tal for Mr. Haig when he returns to the United States to make a major effort to persuade President Reagan not to go along with Taiwan supporters for an early decision in favor of the FX while the new approach to China is entering into a new phase.

In Peking, aides said, Mr. Haig told the Chinese in private that he

Asian policy, reporters were told,

Haig Calling For Pullout

that the United States is mounting against Vietnam in international aid deliberations, Mr. Haig said. "We will continue to question seriously any economic assistance to Victnam -- whatever the source -so long as Vietnam continues to squander its scarce resources for

Mr. Haig charged that the Soviet Union has intruded into the re-Camranh Bay and increased military activity in the waters and air of the western Pacific and Southeast Asia

In response, he pledged, "The United States will maintain and strengthen its own military capability in the Pacific and Asia as a contribution to the security of the

He was low key in his discussion of announced U.S. arms dealings with China, calling the move an internal decision that merely involved shifting China from one category to another on arms. Conceding that Asian allies had not been consulted before this decision, Mr. Haig promised to do so before any arms are actually sunplied. He predicted that the sales would be slow and evolutionary.

Mr. Haig's statements were more confrontational on Indochina than those of the ASEAN final communique. ASEAN strategy is to tone down criticism in order to win support of nonaligned nations. There was no public criticism of Mr. Haig's tough line by the ASEAN ministers, however.

In their communique Thursday, the ASEAN foreign ministers, representing Thailand, Indonesia. Malaysia, Singapore and the Philippines, urged Vietnam to join efforts to reach a political settlement in Cambodia, where 200,000 Vietnamese occupation troops have been propping up a government installed by Hanoi in 1979.

Among the initial steps toward such a settlement, the organization called for the dispatch of a United Nations peacekeeping force to Cambodia, withdrawal of all for-eign armed forces and the discoming of all Cambodian factions.
ASEAN delegates said other details of the plan would be presented at the UN-sponsored conference in New York.

Jury Convicts 2 In Dominica Plot

NEW ORLEANS - Mercenaries Joe Daniel Hawkins and Stephen Don Black have been found guilty by a federal court jury of conspiracy and violating U.S. neutrality acts for plotting to overthrow the government of Dominica. A third man, Michael Norris, was acquitted.

Mr. Hawkins and Mr. Black, the latter a Ku Klux Klan leader, were found innocent Saturday of violating five firearms statutes. Each could receive a maximum sentence of eight years in prison and \$13,000 in fines on the other counts. Judge Lansing Mitchell set sentencing for July 22.

The three were brought to trial on charges of plotting to overthrow the government of Dominica, a small island republic in the Caribbean. The leader of the operation, Michael Perdue, had pleaded guilty and was the prosecution's chief witness against Mr. Black, Mr. Hawkins and Mr. Norris.

NBC then switched to Marvin Kalb, a diplomatic reporter in Washington, for the actual report, with accompanying film that included street scenes in Tehran showing wildly cheering crowds hailing Iran's revolution. Among other things, the Iranian upheaval had wiped out electronic eavesdropping posts operated by the United States for years on the Iranian-Soviet border. The monitoring installations now in China are

The existence of the monitoring posts had been reported obliquely on June 14 in The Washington Post and, as a consequence, less obliquely in one pararaph of William Safire's column entitled "Essay" in The New York Times on

a perceived growth in Soviet naval

House Panel Wary

House subcommittee has unani-mously urged President Reagan

other advanced combat aircraft

and to approach arms sales to Chi-

The letter, signed by the chair-

na "with the greatest caution."

Senior Official

WASHINGTON (WP) - A

is based on a "fundamental strate-

(Continued from Page 1)

gic perspective." In particular, they were told, the Reagan administration sees as important the step-up in American military spending that will provide additional aircraft carrier groups, Therefore, the aides said, it is vithereby strengthening the American presence in the area to counter

and air power.

would approach the subject of the airplanes "prudently" and "responsibly."

The Reagan administration's

man of the subcommittee on Asian and Pacific affairs, Rep. Stephen J. Solarz, Democrat of New York, and the subcommittee's seven other members, was written after a series of hearings that explored U.S. policy toward China and (Continued from Page 1)

Terms Detente Failure for U.S. ALPBACH, Austria - A senior

failure, and he appealed to Western Europe to join the United States in facing up to the Soviet Lawrence S. Eagleburger, assist-

ant secretary of state for European affairs, warned West Europeans not to underestimate the threat that he said Soviet power presented to the world and not to overlook the new U.S. appreciation of the threat. Detente for you, for Berliners.

for Germans, has made a difference," he said here. "But for us, detente has been a failure. We expected a certain type of behavior from the Soviet Union and we He told a seminar on U.S.-West

European relations that Western countries should be able to counter Soviet threats if they united in this decade to oppose Kremlin policy. But he said the United States was no longer able to carry all the responsibility for Western defense. Mr. Eagleburger said the United States had regained its pre-Viet-nam War confidence that it could exert control over events, while the Soviet Union was becoming mired in increasingly grave problems.
"We face a Soviet Union which is not 10 feet tail. They have deep internal problems. ... The only na-tions they have on their side are those they finance, feed or frighten," he said.

Hundreds Cheer IRA Fugitive at Grave Ceremony

DUBLIN - One of eight Irish Republican Army prisoners con-victed in absentia of terrorism after shooting their way out of a Belfast jail appeared at a political ceremony near here Sunday amid cheers from hundreds of people.

Michael Anthony McKee, who escaped from the Crumlin Road prison in Northern Ireland on June 10, attended the annual graveside ceremony honoring Irish patriot Wolfe Tone, who is buried in a cemetery located about 20 miles (32 kilometers) south of

Dublin. In the north, a British military base in West Belfast was hit by about 10 mortar rounds Saturday night and the IRA said Sunday it

carried out the attack
The IRA said it killed Police Constable Neal Quinn, 53, a Roman Catholic and the father of three, at Newry near the border because the Royal Ulster Constabulary helps to maintain British military presence in Northern Ireland, the IRA said.

Ice Fall on Mt. Rainier

United Press International PARADISE, Wash. - Tons of ice broke off a glacier and cascaded down the slopes of Mount
Rainier on Sunday, burying as many as 10 climbers, officials said.

was concerned about the ing dependence of Yugo porters on the Soviet bloc.

story had been known since at least April 20, 1979, when China's offer to replace the Iranian monitoring stations was reported on the front page of The Post. Under a Hong Kong dateline, Jay Mathews

reported: "Chinese Vice Premier Deng Xiaoping ... said today that China is willing to use American equipment on Chinese soil to monitor Soviet compliance with a proposed new arms limitation treaty, according to U.S. senators visiting Peking."

Pursue the Matter

The report also said that Mr. Deng, "in response to a question from Sen. Joseph R. Biden Jr. Democrat of Delaware), made clear that the monitoring stations would have to be run by Chinese and that Peking would share the collected data with Washington."

The delegation's leader, Sen. Frank Church, the Idaho Democrat who was then chairman of the Senate Foreign Relations Committee, told reporters who asked for his reaction to Mr. Deng's offer: "We'd have to pursue the matter

further." To an even half-alert Soviet intelligence officer in Washington, that report surely resulted in alarms to the Kremlin.

It should have been obvious that the U.S. government, and the CIA in particular, were unlikely to pass up such an opportunity, especially when the loss of Iranian monitoring posts was a very troublesome issue for the Carter administration in its attempt to complete the second strategic arms limitation treaty. That pact finally was signed by President Jimmy Carter and Soviet President Leonid I. Brezhnev a few months later in Vienna, although it was never ratified.

Times Dissuaded

Similar alarms should have been ringing in U.S. newspaper offices about any follow-up to Mr. Deng's offer. But it was not until November, as best as can be established, that The Times had the story, or as much of it as was available then.

not to sell Taiwan the FX or any The existence of a monitoring "facility" in China became known to Richard R. Burt, then national security reporter for The Times — who had a reputation for "breaking" what government officials regarded as some of the most sensitive stories — and to his Times colleague, Philip Taubman.

The monitoring secret reportedly also became known about that time to one or two other journalists, but not to any reporters at The Post. According to journalistic sources, The Times was talked out of publishing the story last No-vember on "national security grounds" by Mr. Carter's national security affairs adviser, Zbigniew Brzezinski, and perhaps others.

These sources said The Times was again talked out of publishing the report as a prominent news American official said Sunday that story as recently as last Tuesday for the United States detente was a by CIA Director William J. Casey. At that point, the story had been reported June 14 in the context of an overall review of China policy in The Post by this reporter, and then by Mr. Safire.

By that time Mr. Burt had left The Times and had been named director of the State Department's Bureau of Politico-Military Affairs, becoming one of the administration's prime keepers of secrets.

The monitoring story's impact had increased greatly by last Tues-day as a result of the U.S. decision to authorize the first sale of "lethal" U.S. military equipment to China on a case-by-case basis. As a consequence, by Wednesday the story was of primary impor-tance and interest to all news outlets, and they were able to verify it on a "background" basis. The story, under Mr. Taubman's by-line, was published in Friday's editions of the International Herald Tribune.)

Vote Rejects Bani-Sadr

(Continued from Page 1)

ovation when they stepped onto a balcony of the parliament building after the vote against Mr. Bani-

Mr. Rafsanjani told the crowd: By your help, one of the greatest problems blocking continuation of the revolution has been removed." He then said he would immediately inform Ayatollah Khomeini of the Majlis' decision.

The crowd responded with Bani-Sadr must be executed." whereupon the speaker said: From now on Mr. Bani-Sadr is eliminated from the Islamic republic. Switch your slogans toward America." The crowd took up the cry, "Death to America."

Demonstrations of groups supporting and opposed to Mr. Bani-Sadr were also reported in Hamadan, Shiraz, Meshhed, Qom, Zahedan, Ahwaz, Behbahan and Bandar' Abbas, the official Pars news agency said.

Belgrade Announces **Anti-Inflation Steps**

BELGRADE - Yugoslavia has announced plans to curb price rises, restrict some imports and let its currency fall against the dollar. The measures are aimed at keeping inflation for the year down to the planned 32 percent.

Deputy Premier Zvone Dragan said Friday that the cost of living had risen 21 percent in the first five months of this year, and he announced ceilings of 7 percent on retail prices and 5 percent on services. He also said the government was concerned about the increasing dependence of Yugoslav ex-



Pope John Paul II arriving at Rome's Gemelli Hospital.

Pope Hospitalized With Fever; **Doctors Suspect Lung Infection**

ROME - Pope John Paul II, suffering from a persistent fever that has slowed his recovery from gunshot wounds, was hospitalized unexpectedly Saturday for tests, a hospital spokesman said

The spokesman for the Gemelli Hospital said that the pope may have a lung infection, "but we don't think there is anything wrong with his intestines." He said the pontiff's temperature Sunday was 100 degrees Fahrenheit (38 Celsius).

An infection in the intestines, where the pope was shot in the attempt on his life in St. Peter's Square May 13, would have required an urgent operation. The pope was already expected to have surgery next month to reverse the colostomy, or intestinal bypass, performed on him after he was shot.

The hospital spokesman said the pope was spending the day resting Sunday and no special tests were planned. He did not predict how long the pope would be in the hospital. Dr. Emilio Tresalti, chief medical officer for the hospital, said the pontiff's

life was not in danger. Dr. Luigi Candia, one of the pope's physicians, said John Paul was on a normal diet, a further indication that the fever was not caused by an infection in the intestines. The pope was released from the Gemelli Hospital June 3 following his earlier treatment.

In a taped address broadcast at noon Sunday in St. Peter's Square to a crowd of about 8,000, the pope wheezed slightly and spoke in a slow, labored voice. The three-minute message was recorded Saturday a few hours before the pope's hospitalization,

Ex-Inspector Says Iraq **Planned Nuclear Bombs**

By A.O. Sulzberger Jr. New York Times Service

WASHINGTON --- A former inspector for the International Atomic Energy Agency said that he was satisfied Iraq had been planning to develop atomic bombs using the nuclear reactor destroyed by Israel and that international safeguards would not have detected secret production of plutonium in the reactor for weapons.

The former inspector, Roger as one of three persons familiar with nuclear reactors to testify Friday that Iraq would have been capable of using the reactor bombed on June 7 to produce plutonium, which can be used to make atomic weapons.

But neither of the other witnesses, Robert Seldon, head of the applied theoretical physics division at Los Alamos Laboratory, nor Herbert J.C. Kouts, chairman of the department of nuclear energy at Brookhaven National Laboratory, would say under questioning if believed that Iraq was in fact planning to use the reactor to produce fissionable material for weap-

Testifying before the Senate Foreign Relations Committee, Mr. Richter said his concern over agency constraints in inspecting the Iraqi reactor led him to report his misgivings to the State Department last year. He said that he had never personally inspected the reactor, explaining that checks of the Iraqi plant had been conducted only by Soviet or East European members of the International Atomic Energy Agency.

"The available information points to an aggressive, coordinated program by Iraq to develop nuclear weapons capability during the next five years," Mr. Richter said he wrote in a letter to the State Department's mission to the agency. "The IAEA safeguards are totally incapable of detecting the production of plutonium in large-size material test reactors under the presently constituted safeguard

Mr. Richter's testimony contradicts a statement made last week by the director general of the agen-cy, Sigvard Eklund, who said that any attempt by Iraq to produce plutonium in the reactor would be detected "with very high probability," meaning in the Iraqi case "a full guarantee."

After Mr. Richter's testimony a State Department official who declined to be identified said that Mr. Richter had been a "low-level, iunior inspector."

According to a one-page biography distributed by Sen. Alan Cranston, the California Democrat who said several months ago that Iraq was developing nuclear weapons Mr. Richter is a 33-year-old Californian who for more than three years has been an inspector for the atomic agency living in Vienna.

Dohnanyi Nominated As Hamburg Mayor HAMBURG --- The Social Dem-

ocratic Party has nominated Klaus von Dohnanyi, former state secretary in the Foreign Ministry, as mayor to replace Hans-Ulrich Klose, who resigned last month in a dispute over the nuclear power plant in nearby Brokdorf. The Social Democrats control the city assembly, so that their candidate is almost sure to win the vote on resign from the agency so that he could testify "as a private citizen."

Only American

Mr. Richter said he was the only American in the section of the agency dealing with the Middle East and South Asia. Before working for the agency, he worked for the United States Atomic Energy Commission, the Energy Research and Development Administration

said that Iraq had originally asked France to sell it a reactor better suited to producing nuclear weapons than the reactor Baghdad eventually received, but that the French had refused.

Mr. Seldon and Mr. Kouts said that, although there were better reactors for the purpose of providing plutonium, the Iraqi reactor

modest nuclear capability," Mr. Kouts said. "This is well beyond anything they need. But this would not be the first time a country has taken on a white elephant."

Mr. Richter also cited Iraq's purchase of 100 tons of a natural uranium known as yellowcake, which he said could be used in the reactor to be transmuted into plutonium production. The uranium, he was not under inventory control by the atomic agency.

become very suspicious," he said.

A Cranston aide said Mr. Richter called the senator's office last Friday to say that he had information about international inspections of the Iraqi reactor. It was arranged for Mr. Richter to come to Sen. Cranston's office, at which time Mr. Richter agreed to

and the Department of Energy.
Under questioning, Mr. Richter

was quite capable of doing that.
"It is a size for achieving a

In support of his conclusion,

"If you look at the evidence, you

reacted by urging Western govern-ments, particularly the United States, to act against South Africa for "its harsh repression of dis-sent." The white South African Society of Journalists condemned the

2 Dissidents

Detained in

And Student Seized

United Press International

crackdown on critics of South Af-

On Thursday, Thami Mazwai,

news editor of the black-oriented

newspaper, The Sowetan, and

black student leader David John-

ston were arrested and liberal

white student leader Sammy Adel-

man was served with a five-year

banning order that restricts his

movements and prevents him from

In recent weeks, the authorities

have arrested at least three otherprominent critics of the govern-

ment: mixed-race student leader

Aziz Jardine; Andrew Boraine,

white president of the National

Union of South African Students,

and Joseph Mavi, leader of the

black municipal workers union in Johannesburg. They remain in de-

Mr. Sisulu is the son of Walter

Sisulu, a leader of the outlawed

African National Congress who is imprisoned on Robben Island off

Cape Town Banned earlier this

year, the younger Mr. Sisulu was arrested at his home in Soweto be-

fore dawn Saturday. Police refused to say where Mr. Zentili was

The Media Workers Association

rica's racial policies.

without mal

speaking in public.

Mixed Couples Get a Break DURBAN, South Africa (AP) The government is quietly softening its application of the law forbidding interracial marriage, a cornerstone of apartheid, by allowing some mixed couples to live together, the Durban Sunday Tri-

bune reported. The newspaper said the South African Indian Council and other sources confirmed that the government had granted in the past year permission for some Indians to live with white women they married

A government official refused to confirm or deny that approval had ples to live together without fear of prosecution. But he added, "I am not saying it's not happening.

Last year the white-minority government allowed a white man to marry a woman of mixed ethnic background but said it was not a

WORLD NEWS BRIEFS

30 Arrested in London Riot of 500 Youths

United Press Internation South Africa LONDON - Thirty youths were arrested when about 500 teen-agers. most of them black, went on a 90-minute rampage in a main shopping street in southeast London on Saturday night, smashing shop windows

and cars and looting stores. Black Media Leader A civilian and a police officer were slightly hurt in the disturbance in the Peckham district, Scotland Yard said. Peckham is about 2 miles (3.5 kilometers) from Brixton, where three days of street rioting two months

ago led to about 300 arrests. JOHANNESBURG - Security The trouble in Peckham began as a fairground was closing for the police arrested two more black night Scotland Yard said. Youths tore up wooden fearing around the leaders over the weekend, bringing to at least eight the number of fairground and began throwing it at motorists and police cars. The rioters then went down Rye Lane, the district's main shopping street, prominent dissidents detained or breaking about 30 shop windows and looting the stores.

banned recently in an apparent Toll Revised Upward in Cairo Religious Riots 🎎 New York Tones Service

A police spokesman said CAIRO — Egyptian Interior Minister Nabawi Ismail has admitted to Parliament that the death and injury toll is higher than earlier reported on recent religious clashes here between Moslems and Coptic Christians. Zwelakhe Sisulu, president of the black Media Workers Association of South Africa, and Wanto Zenti-Mr. Ismail told lawmakers Saturday that 10 were killed and 55 injured li, president of the Congress of in rioting that lasted three days. He said 113 persons have been detained. South African Students, were arrested under security laws that provide for unlimited detention

and 37 rifles and pistols were seized. A ministry statement printed Friday said only 2 were killed and 31 arrested in nots that began Wednesday night in the El Zawiya el Hamra housing project. On Friday, sermons in government mosques concentrated on the theme of national unity and the tolerant views of Islam towards non-Moslems.

Angola Tells Western Envoys It Needs Cubans

LISBON - Cuban troops will stay in Angola as long as external threats to the country's security are not removed, Angolan Deputy For-

eign Minister Venancio de Moura was quoted as saying.

According to a report from the Angolan news agency on Saturday, he told the French, West German and British envoys in Luanda, Angola, that the independence of Namibia could not be made contingent on the

withdrawal of the Cuban troops stationed in Angola. Angola is a sovereign country that can turn to its friends to help in its defense. Mr. de Moura told the three envoys when he summoned them on Thursday, the news agency said. The Angolan government has contended that it needs the Cubans to defend it from South Africa as long as Namibia (South-West Africa) is under Pretoria's administration.

Rioting in Casablanca Leaves Several Dead

The Associated Press CASABLANCA, Morocco — Riots in Casablanca on Saturday left several persons dead, Western diplomatic sources said. A report on Morocco's state-controlled radio blamed a Socialist-backed labor union which had organized a demonstration earlier in the day to protest gov-

emment-imposed price rises. The riots erupted Saturday afternoon in working-class neighborhoods. When the demonstration started to break up, people in the crowd began clashing with the police," a Western source said. "The crowd went crazy. They started throwing rocks and overturning cars and setting

some of them on fire. There were no official reports on casualties, though at least one for-eigner died — 63-year-old Frenchman Alexandre Cuquel was killed when a rock crashed through the window of his car as he was driving

with his family through the riot area. Libyan Jets Said to Bomb Guerrillas in Chad

The Associated Press KHARTOUM, Sudan — Libyan warplanes are attacking positions of Chadian guerrillas opposed to Libya's military intervention in Chad, reliable Chadian sources reported here.

Fighting was raging in the Arba district of Chad, 38 miles (60 kilometers) from the border with Sudan, the sources said Friday. They said the jets had bombed positions of guerrillas loyal to former Chadian Defense Minister Hissene Habre, whose forces are believed to number about

The same sources said troops loyal to Chad's president, Goukouni Oueddei, had been engaged since Tuesday in fighting with the guerrillas, whose main bases are near Sudan. Western and Sudanese military analysts estimate Libya has had some 12,000 troops stationed in Chad since its intervention in December. They reportedly have MiG-23 fighters and

helicopter gunships.

China Reportedly Opens Session to Oust Hua PEKING - A long-delayed session of the Chinese Communist Party's Central Committee has started, in which Hua Guofeng is expected to be

removed from the chairmanship, diplomatic sources said Sunday. Both Chinese and diplomatic sources have said the crucial sixth plenary session, originally due to be held late last year, would name Hu Yaobang, a close ally of Chinese strongman Deng Xiaoping, in Mr.

Hua's place. The meeting is also due to endorse a so-called historical document appraising the role of Mao following the dismantling of many of his policies and the drastic reduction of his status.

French Socialists Win Majority of Seats

(Continued from Page 1) losing half their legislative seats. the Communists saw a quarter of their electorate desert them for the

Socialists. A profound debate is now expected to erupt within the Communist Party, perhaps threatening its leaders who have supported a dogmatic Stalinist, pro-Moscow

line in recent years. Georges Marchais, the Commu-nist secretary-general, has in recent weeks sounded strongly conciliatory toward the Socialists, and insisted on Sunday night that he saw "no obstacle to the participation of

Communists in the government." Mr. Jospin, the first secretary of the Socialist Party, said in response to Mr. Marchais that "Socialists and Communists will soon

meet to discuss this problem." **McNamara Fears Congress** Faltering on Foreign Aid

(Continued from Page 1)

tion to them; they are concentrated in some of the stronger develop-

ing countries. "So the charge that this bank is moving in ways that are designed to bail out U.S. commercial banks is absurd. This bank is, however, moving in ways that are consistent with the broad economic interests of the U.S. And if this bank is prevented from continuing to move in those ways, not only will the developing countries be hurt, and particularly the poorest people in those countries, but the U.S. economy will be hurt, and the Ameri-

can people will be hurt."

Mr. McNamara rejects the criticism, made by a host of conservatives, including some within the administration, that the World Bank is undermining private enterprise and promoting Socialism. He called the accusation an extreme hindrance to the bank's operations, especially in the United

He feels that the bank has made great strides in its attack on abso-The Washington Post. lute poverty. The most obvious ac-Among his disappointments complishment of the bank under his administration, he said, had been to increase its annual commitments of loans from \$1 billion in 1968 to \$13 billion in the fiscal year ending June 30, which has meant, after allowing for inflation, quadrupling or quintupling its real lending.

But the most important accom-

plishment, he feels, was learning to focus resources and technical assistance on the poor, raising their

productivity and hence their outout and real income. With the statistical exactness for which he is noted, first as a Harvard Business School professor, then as a statistical controller in the Air Force during World War II and as president of Ford Motor, Mr. McNamara recled off the rates of return from investments in antipoverty programs in Bangladesh, Pakistan, Burundi and other poor countries. These rates of return ranged as high as 50 percent and averaged 19-20 percent on invested

Leaving the World Bank with some regret, Mr. McNamara has accepted a number of appointments to the boards of nonprofit institutions, including the Brookings Institution, the Ford Foundation, the Urban Institute and the California Institute of Technology, as well as to the boards of such corporations as Royal Dutch/Shell, Coming Glass and

from his term at the lending agency, he said the greatest was that "we and others have failed to inform the people of the industrial countries of the nature and magnitude of the changes in the relationships among nations, economically and politically, over the last dec-ade — especially their greater interdependence."

to be leaning toward eventually offering the Communists a few minor Cabinet posts in order to encourage the emergence of a more moderate line and to avert any problems with trade unions where Communist influence is strong. But other Socialists, urging that any Cabinet invitation to the Communists await a shake-up in their

investors, particularly conservative Arabs who keep large deposits in **Political Wilderness**

party, argue that the presence of Communists could strain relations

with allies abroad and discourage

With the prospect of Socialist control of the legislature for the next five years and Mr. Mitterrand's firm grasp on the presidency for a seven-year term, the conervatives seem destined for a lengthy, cantankerous journey through the political wilderness, Many Giscardists are convinced that the defeat of the center-right was largely due to the divisive campaign mounted by Mr. Chirac, the neo-Gaullist leader, against Mr. Giscard d'Estaing during the presidential race. The neo-Gaullists insist that Mr. Giscard d'Esta-

ing was too unpopular to be reelected anyway.

Mr. Chirac is now asserting that if the center-right maintains its unity in the Senate, the upper cham-ber of the legislature, where conservatives hold a majority, there is still a chance to "prevent certainerrors or aberrations" in the Socialist program. But the National

U.S. Settles Suit For Mine Deaths

New York Times Service PIKEVILLE, Ky. — The U.S. government agreed to pay \$2.1 million in settlement of a lawsuit charging that officials of the Mine Safety and Health Administration were responsible for the deaths of 11 men who entered an explosionwrecked coal mine in 1976 on a rescue mission only to die in a second blast.

In a separate settlement last August, Blue Diamond Coal Co. agreed to pay \$5.9 million to be divided among 13 widows and 22 children of the miners killed in the

first explosion. The basis of the second suit settled Friday was that the victims were led by three officials of the federal mine sefety agency, who endangered the rescue team. The two explosions killed 26.

President Mitterrand is believed. Assembly is a much more powerful legislative chamber, and it is doubtful that the Senate could ef-

fectively block Socialist proposals. The government has announced that it intends to convene the National Assembly on July 2 to quickly consider important changes in the 1981 budget covering new social spending and taxes. According to Gaston Defferre. minister of interior, the government is also ready to present to the legislature its project for a decen-

tralization of political power. According to government offi-cials, Prime Minister Pierre Mauroy intends to put before the National Assembly next month bills to nationalize the remaining private banks and the ailing steel in-

Marcos Declared Winner in Vote In Philippines

United Press li MANIIA — The interim parliament on Sunday amounced that President Ferdinand E. Marcos was the official winner in the June. 16 presidential elections.

Mr. Marcos overwhelmingly won the first presidential election in the Philippines in 12 years with 18,309,360 votes. His closest rival, former Defense Secretary Alejo Santos, polled 1,716,429 votes, according to the parliament's final

count In a speech accepting the final results, Mr. Marcos pledged to cre-ate a "new republic" and to "proceed with the programs of government] with the same idealism, principles and vision." An opposition call for a boycott of the election was virtually ignored as millions of voters turned out to cast their bal-

The win gave Mr. Marcos, in power since 1965, a new six-year term in office. He called the election to seek a new mandate after ending eight years of martial law in January.

Ethiopian Air Attack Kills 3, Somalia Says The Associated Press

MOGADISHU, Somalia — Ethiopian MiG-21 and MiG-23 jets attacked a school in northwestern Somalia, killing three children and injuring seven, the Somali Defense Ministry said in a statement released by the official news agen-

Reagan Fighting for Republicans' Plan To Reshape House Spending Priorities

New York Times Server

WASHINGTON — President
Reagan has opened a new front in
the budget battle with Democrats
the budget battle with Democrats
the budget battle with Democrats the budget battle with Leaving on Capitol Hill by strongly endorsRepublican plan to change ing a Republican plan to change the basic spending priorities although the basic spending priorities are the basic spending priorities although the basic spending priorities

The Republican our wound man the Democrats want in such programs as welfare. Control of the contro

WASHINGTON - In recent

months the White House has inun-

dated Congress with numbers dated Congress with numbers budget cuts, tax rates, spending ceilings. But while the battle cry control the federal

ceilings. But while the pattle cry
has been "control the federal
budget," a growing group of both
parties now believe the real purpose goes far beyond mere figures.

The real struggle in this town

and around the country is one opolitical philosophy," maintains Democratic Sen. Gary Hart of "They don't just want to

Democratic Sen. Cally Colorado. "They don't just want to they want funda-

Colorado. They don the funda-

cut the budget, mey want of government and the president has

ernment. And the president has been very straightforward about what he's up to; no one should be surprised. We're so used to changes of 5 or 10 degrees around when someone says he'll

here that when someone says he'll

change things 90 or 100 degrees,

To some, President Programmak-tention — to remove decision-mak-

ideal or summer, more less intervening government," in

the words of Rep. 1 Texas, who has been the White

House's strongest Democratic ally

To others, the Reagan ideology represents a wholesale attack on the principle that the federal gov-

can people — wealthy, in fact, ex-

remely conservative — think they can change the policies of this

country."

The "real struggle" is being

spending priorities within general categories such as education and

in the House.

and remain

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To some, President Reagan's in-

ing from the federal level and cen-

ter it in the community -- is a wel-

come return to the Jeffersonian

ideal of "smaller, more efficient,

the words of Rep. Phil Gramm of

ernment has the right and the re-

sponsibility to care for the needy

and improve the general welfare.

House Speaker Thomas P. O'Neill

Jr., Democrat from Massachusetts,

put it this way last week: "It's the

first time that a handful of Ameri-

fought on many fronts. Last week

proposals to transfer large blocks

ments, who would set specific

health. The stated purpose of such

block grants is to improve efficien-

cy, but it may also further conserv-

Capital's Liberal Power

"No doubt," said Rep. Gramm,

"the conservative philosophy gets

stronger as government gets closer

to the people." White House support for the idea was re-empha-

sized Friday with a proposal for a

new package of budget cuts that

that Washington contains a power-

ful network of liberal power cen-

ters - lobbyists, bureaucrats, con-

gressional staff members and news

Rep. Silvio O. Conte of Massa-

Guerrilla Supply

lished Monday in London.

ble spots.

The Center for Contemperary Studies, an independent body that

reviews social and political trends,

said guns stolen in raids on U.S.

Army depots in Europe have end-

ed up in Northern Ireland, Bangla-

desh, El Salvador and other trou-

The Army has admitted that

enough arms to equip 8,000 people

were stolen from its depots be-

tween 1971 and 1974.

LONDON - The United States

would undermine such forces.

the most significant involved the

of federal money to state govern-

we don't take it seriously."

subsidized housing, school lunches and student loans. It would also revive six programs that would transfer federal money from Washington to local communities.

The American people have waited patiently for a full-scale attack on runaway spending." Mr. Reagan declared Friday in a statement issued as he left for a weekend at Camp David. "Let there be no doubt: We can and we will put a stop to the fiscal joyride in

White House's Policy on Budget Is Seen

on the House Appropriations Committee, said that President

Reagan discussed this very issue

with Republican leaders at break-

fast 10 days ago. As the lawmaker

recalled the president's words:

"It's far easier for people to come

to Washington to get their social programs. It would be a hell of a

lot tougher if we diffuse them and

send them out to the states. All

their friends and connections are

A related issue surfaced last

week when the House passed a bill

retaining the legal services pro-

gram as a separate entity, rejecting Mr. Reagan's plan to fold its fund-

ing into a block grant. Over the

years, legal services lawyers have represented their poor clients by organizing support for expanded

Butz Sentenced

To Jail, Fined in

Tax Fraud Case

The Associated Press
FORT WAYNE, Ind. — Former
Agriculture Secretary Earl L. Butz

has been sentenced to 30 days in jail and fined \$10,000 on a federal

income tax charge.
U.S. District Court Judge Jesse

Eschbach on Friday also ordered

Mr. Butz to serve probation for the

balance of a five-year term. He had

pleaded guilty to charges of under-

stating his income on tax forms. His lawyers said Mr. Butz, 71,

had made complete restitution to

the government, including paying

back taxes, penalties and interest, and said a 50-percent civil fraud

penalty of \$61,183 would be paid

The one-count charge alleged that Mr. Butz's 1978 tax return stated his income as \$97,814 with

the tax due of \$39,621, when in

fact his taxable income was

\$245,928 and the tax owed was

Mr. Butz, who was agriculture

secretary from 1971 to 1976, ad-

mitted May 22 to the fraud and

told the judge that "there is no jus-tification for what has happened."

as soon as possible.

in Washington."

Michel, the Republican minority leader in the House, said his party's proposal would present Congress with "the real nitty-gritty gutsy vote" on federal spending.

Question of Form

But the Democrats seem increasingly confident that they can defeat the Republican proposal. Many Southern Democrats who gave the Republicans their margin of victory in earlier budget tests

ing class action suits that often

of the liberal network they are

trying to unravel. A typical com-ment was that of Republican Rep.

F. James Sensenbrenner Jr. of Wis-

consin as he argued for an amend-

ment that banned legal services

from bringing class action suits

against government agencies. The

amendment was necessary. Rep.

Sensenbrenner said, to halt the in-

direct raid on the federal treasury

Third item on the so-called sec-

ond agenda is an attack on the

power of the executive and the

courts to decide issues such as

Last week, Republican Sen.

Lowell P. Weicker Jr. of Connecti-

cut staged a short filibuster against

a conservative plan to bar the Jus-

tice Department from pursuing

school desegregation cases that might result in busing. Republican Sen. John P. East of North Caroli-

na concluded hearings on legisla-

tion that would allow states to ban

abortions on the theory that life

The rejection of the Supreme Court's past role was highlighted

by Mr. Reagan's comment that the

successor to retiring Associate Jus-

tice Potter Stewart would be dedi-

cated to the ideas of interpeting

law, not enacting new law by judi-

Fourth on the agenda is a tax

bill that provides large cuts and

large deficits over a three-year period. Rep. Jim Wright, the House majority leader, believes that the

real purpose behind this bill is to

put pressure on Congress to de-

Ideological wrangling pervades Capitol Hill. Many members

would prefer to be somewhere in

the middle. "There's a basic philo-

sophical difference between the

two parties," said Rep. Democrat-

ic Rep. James Blanchard of Michi-

bert Hoover, we're talking about FDR. And we're both wrong."

They're talking about Her-

stroy additional social programs.

begins at conception.

conducted by such suits.

abortion and school prayer.

This has outraged conservatives,

broadened eligibility standards.

own priorities on Congress. One key question is how the Re-

resent what they feel is an attempt by the White House to impose its

publican proposal will come to the House floor. The administration wants a single up-or-down vote, a contest that can clearly be labeled a pro-Reagan or anti-Reagan decision. Their belief is that many lawmakers would not vote against a popular president in such a visi-

Off Reagan's Target

The current budget battle began when Congress adopted a blueprint requiring committees to trim about \$36 billion from existing programs that otherwise would As Wider Bid to Cut Liberals' Power Base cost \$740 billion in fiscal 1982. The White House promised lawmakers they would have the right to set their own priorities within those spending targets, and the committees in the House finished their work last week.

David A. Stockman, the budget director, conceded Friday that the House had met its overall budget targets. Lawmakers in both parties are complaining that the White House is now reneging on its promise to accept the work of the congressional committees, and partly because of that protest, the Republican proposal submitted Friday is far more modest than the original plans drafted in the White House several weeks ago.

Mr. Stockman argued that the Democrats decided to cut far less heavily in such programs as food stamps and Medicaid, and unless these so-called entitlements are cut, the budget cannot be con-

The Republicans maintain that the Democrats cut only \$3 billion out of such programs in fiscal 1982, while the Republican bill would trim \$8.5 billion. To take some examples, the Republicans would slash an additional \$454 million out of welfare, \$685 million out of Social Security student benefits, \$551 million out of school lunches and more than \$1 billion out of health and energy programs, including Medicaid.

The other key dispute is over block grants to local governments. The Reagan administration considers these an essential part of its attempt to shift spending decisions back to the states and bypass Washington's liberal power cen-ters. Most of the Republican block grant proposals have lost in the House, and some have been severely modified in the Republican-controlled Senate.

13 in Turkey Choir Jailed ANKARA — All 13 members of

trade union choir were sentenced to 51/2 years in prison by a Turkish martial law court in Istanbul for singing the Internationale during a after another." 1979 union congress, it was report-'Small Mistakes'

problem," he said.

gest mistake has been to try to inagainst the Indian leaders.

the revolution," said Bishop John Wilson, head of the Moravian Church on the Atlantic coast. "I say to the Sandinistas, if you want us. If you barge in, you'll get

In the absence of development

in the area. When discontent with the Somoza regime began to grow toward revolution in 1977 in the rest of the country, the Atlantic coast remained calm and uninvolved. And when such Pacific-side cities as erupted in insurrection during the final offensive of mid-1979. Bluefields, Puerto Cabezas and away, knew little until Sandinista

were in charge. "We found a population culturally very backward," said William Ramirez, the former guerrilla now in charge of developing Zelaya province. "There was 130 per 1,000 infant mortality, 85 percent illiteracy, entire villages with tuberculosis, without means of communi-



These ivory and gold false teeth worn by George Washington have vanished from a locked room at the Smithsonian.

George Washington's False Teeth Missing From Smithsonian Room New York Times Service

WASHINGTON - George Washington's false teeth, made of gold and ivory and not wood as rumor would have it, were reported missing from a locked storage room at the Smithsonian Institution's National Museum of American History.

The teeth were fashioned in 1795, during Washington's second

term as president, by his dentist, John Greenwood, according to Ellen McCalester, the librarian at Mount Vernon, the president's home on the Potomac. Incised on the inside of the teeth, Miss McCalester said Friday,

were the words: "This was the Great Washington's teeth." The false teeth had been loaned to the Smithsonian 16 years ago

by the University of Maryland Denial School, which had accurred the set many years ago, presumably from the Greenwood family. Until earlier this year, the teeth were on display in a dental exhibit at the museum but were placed in a locked room for safekeeping after a series of museum thefts, including several golden toothpicks of uncertain origin, according to Lawrence Taylor, a spokes-

Also reported missing Friday from the locked storage room were another set of unidentified false teeth dating back to 1845 and two gold pocket watches that belonged to W.T.G. Morton and Crawford W. Long, two 19th century pioneer anesthesiolo-

Sandinista Policy Arouses **Distrust of Coastal Indians**

of speaking Miskito. After the rev-

olution, we made an effort to stim-

But because the region had been

neglected rather than repressed by

the regime of Anastasio Somoza

Debayle and had been untouched

by the fighting in 1979, the Indians

of the Atlantic coast were neither

as anti-Somoza nor as pro-San-

dinista as the rest of the country. While the revolution awakened ex-

pectations of better conditions, the

Indians proved stubbornly inde-

pendent and their new political or-

ganization. Misurasata, anything

but subservient to the Sandinistas.

ernment has made progress in end-ing the isolation of Zelaya. But ea-

ger to assert their control over the region, the Sandinistas established

a strong military presence that dis-

turbed the Indians and helped con-

tribute toward the anti-govern-

Bolivia to Start

Anti-Drug Drive

LA PAZ — A Bolivian general

considered likely to succeed to the

presidency has announced that

about 20 officers would be

cashiered from the armed forces

Gen. Humberto Cayoja, the army commander, said Friday that

the cocaine trade endangered na-

tional security because "narcotics

traffickers can buy power." He

said the military government

planned to introduce a new anti-

drug campaign soon, but that fi-nancing would probably have to

Several top officials of the re-

gime of Gen. Luis Garcia Meza,

who came to power in a coup last

July, have been accused by the

Meza announced that a new presi-

dent would succeed him Aug. 6.

come from the United States.

for trafficking in cocaine.

ment riots last September.

Over the last two years, the gov-

ulate ethnic pride."

By Alan Riding

New York Times Service MANAGUA — Soon after the Nicaraguan revolution, the Sandinista daily, Barricada, published several issues in the Miskito language as evidence of the new government's commitment to bringing progress to the forgotten and isolated Indian communities of the Atlantic coast.

But almost two years later, the Indian region of northern Zelaya province is in turmoil and distrust of the Sandinistas is running deep. Now, publishing only in Spanish, Barricada dedicates its columns to denouncing the Indian organiza-tion that has rebelled against the

andinista leadership. "It's a terrible mess," Sergio Ramirez Mercado, a member of the three-man ruling junta, conceded. "We've made one mistake

William Ramirez, the Sandinista minister in charge of the Atlantic coast, concurred. "We've allowed

Perhaps the government's bigterrate the 50,000 or so Miskito. Sumo and Rama Indians too suddenly into the rest of the country without taking account of their cultural and ethnic idiosyncrasies. And, as resistance has grown, the Sandinista security apparatus has resorted to heavy-handed tactics

The most influential Indian leader, Steadman Fagoth Müller, a 27-year-old biologist who is of German-Miskito descent, has fled across the Honduran border to join some 3,000 Indian refugees. schools are closed and a vaccination program in the region has been suspended. A food shortage provoked partly by the political crisis is forcing the Red Cross to plan grain handouts for about 30,000 people and an emotional dispute over land ownership re-

U.S. Drug Enforcement Adminis-tration of being drug smugglers. After two coup attempts against him failed in May, Gen. Garcia "People have lost confidence in integrate us, you must respect

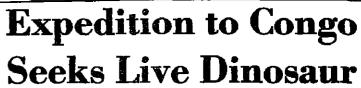
nowhere. Nicaragua's History

Throughout Nicaragua's history. the Indians in northern Zelaya and the black Jamaicans who settled around the port of Bluefields have had little contact with the country's Spanish-speaking majority on the Pacific coast. Separated by mountains, forests and marshlands, they have grown in different

religion played an important role in the life of the Atlantic coast. The Moravian Protestant Church was invited in by the Miskito king in 1849 and it built the first schools and hospitals in the region. The Roman Catholic Church, expelled by the Miskitos in 1880, returned 33 years later when Capuchin missionaries began traveling

Managua, Leon and Masaya Huaspan, less than 300 miles units arrived to announce that they

cation, suffering profound paternalism. Many were ashamed even



By Philip J. Hilts

WASHINGTON - A three-man team of American explorers is preparing for an expedition into the ungle of the Congo Republic in search of a dinosaur.

Not a fossil. A dinosaur. A live,

big one.

The explorers are serious. They need to be. The last group that went looking for the mokele-mbembe — the name the local people use for the creature - was a French team in 1978. The Frenchmen have not been heard from

What the scientists, including Roy P. Mackal, a microbiologist and tissue expert at the University of Chicago, are looking for is the African Bigfoot, the Loch Ness

monster of the jungle.

If it exists, and if it is the 10-ton 40-foot brontosaurus the native de-scriptions make it out to be, it would be the only saurus to survive the mass extinction of dinosaurs 60 million years ago.

Romantic Soul

"Whether there are dinosaurs or not, we don't know," Mr. Mackal said, "But we're going to check it out. I admit to having some romance in my soul."

His colleagues are skeptical, and he remarked: "You have to have a thick skin. ... If they say it's extremely unlikely, then I'm the first to agree. But it's not impossible. We've got to check out the long shots, because they pay off once in

Over the past two centuries, there have been many reported sightings of the reptile, which the local people say frightens away hippopotami. Recently a crocodile expert working near Lake Tele in the Congo photographed a clawed, 36-inch footprint the people identified as belonging to the animal.

On a recent African trip, Mr. Mackal convinced himself of the worthiness of the expedition when he did a little poll of the local people. He took along pictures of a va-riety of animals, including some from that section of Africa and some foreign species like the American black bear, and in the midst of the sample was a picture of a promosaurus.

He said the people readily identified all the animals from their region, including the brontosaurus. The black bear and other foreign species they said they had never seen. Mr. Mackal said he spoke to half a dozen who said they had seen mokele-mbembe.

Lost World

The region in which the brownish-gray beast is supposed to live is poorly mapped and virtually unexplored except by the Binga Pyg-mies who live there. Mr. Mackal said that the region has changed very little in the past 70 million years, "So if there is a relic species, this would be a good place for it It's like a lost world in some

The equipment for the expedi-tion will include a vial of antidote for the poison from Pygmy blow-darts, 14 kinds of snakebite medicine, and a receiver that can pick up satellite signals and process them along with other data to tell the explorers their position in the

jungle to within a few yards.

The three explorers plan to go on foot and by cance, with no food except what they can pick, hook or hunt, and will be out of touch with the world for three months.

Herman Regusters, an electronics engineer who is taking leave from the Jet Propulsion Laboratory in California, will lead the party into the jungle with the help of a missionary to the area, the Rev. Eugene Thomas.
Mr. Regusters borrowed the sat-

ellite receiver and will bring along half a dozen film and videotape cameras, including one that can get bright pictures even on a moonless night,

To power all this, he assembled backpack-mounted solar plate that can recharge the battery packs over a period of hours. The local people say the animal

stays mostly in the water and comes to the shore only in the ear-ly morning or at dusk to feed on vegetation. "The natives say they are vegetarians only up to the point that you get in their way." Mr. Regusters said. "Then they can be ferocious, and there are some reports of natives being killed by them."

There may be other dangers. Although cannibalism and headhunting are outlawed in the Congo, Mr. Regusters said some still occurs in the outlying regions

here the explorers are headed. They are paying for the expedi-tion out of their own pockets and with some donations and loaned equipment. The group expects to leave New York at the end of Aug-

Court Delays **New Charter** For Canada

By Henry Giniger

OTTAWA - July 1 was to have been a climactic day in the political career of Prime Minister Pierre Elliott Trudeau, Canada's national holiday, commemorating the establishment of the Canadian confederation in 1867, would have been marked this year by the completion of its independence from Britain with the proclamation of a

new constitution. Or so Mr. Trudeau had hoped. The nine judges of the Supreme Court have upset his timetable by not yet deciding on the government's proposals to transform the British North America Act into a constitution controlled exclusively by Canada. Eight of the 10 provinces are bitterly contesting the plan, and six weeks ago the Su-preme Court was asked to rule on its legality.

The federal government had been confident that the court would back its position and clear away the last legal hurdle before the Canadian Parliament gave final approval to a resolution that would have then gone to the British Parliament for action. As late as 10 days ago, the prime minister was still expressing hope that the July 1 goal would be met.

But the court announced last Wednesday the final list of cases on which it will hand down decisions Tuesday before it adjourns until October, and the constitution was not on the list. The court has been known to break its holiday and reconvene during the summer. but in any case the hopes for a big celebration July 1 have been

The dispute centers on a request that Britain add a bill of rights binding on the federal and provincial governments before relinquishing control. Largely because they fear such a bill would cut into their powers, most of the provinces have opposed it. A court in Newfoundland has backed them while courts in Manitoba and Quebec have backed Ottawa. It was the appeals to these decisions that the Supreme Court heard at the end of April.

In advance of the ruling, the opposed provinces have served notice that they will not drop their opposition to the proposals. The prov-inces contend that however legal they may be found to be, the proposals are still not legitimate and, in the view of the Quebec government, are even "immoral."

Some constitutional experts have expressed the belief that the nine judges are seeking a consensus among themselves so as to avoid a split decision that would aggravate the political divisions in anada. But some of the judges have the reputation of leaning toward provincial rights while others are inclined to favor the federal side, so a unanimous ruling may

RIVER RESCUE - Firefighter Dan Huffman helped 16-year-old Joan DeWitt to safety along a rescrie line in the Olentangy River north of Columbus, Ohio, while her companion clinging to a tree in the background awaited her turn. Their air mattress snagged in the tree.

Justice Stewart Explains His Retirement, coast, concurred. "We've allowed small mistakes to turn into a big Looks Back at 23 Years on High Court ed, "It would be an insult to the By Linda Greenhouse

New York Times Service WASHINGTON - Citing his contained sweeping block-grant language. The strategy flows partly from a strong Republican belief belief in the "principle that it's bet-ter to go too soon than to stay too long." Associate Justice Potter Stewart has talked about his decision to retire from the Supreme Court next month and his view of the job he has held for 23 years.

reporters. Dispersing decision-Despite the unaccustomed forum of a crowded, on-the-record making responsibility to the states news conference on Friday, Justice Stewart was relaxed, even cheerful chusetts, the ranking Republican as he sat beside his wife in the court's East Conference Room. He **Weaponry Thefts** said he had never missed a day of said he had hever missed a day of argument during his years on the court and had decided, while he is "still relatively young and, I think, in good health" to spend more time with his family.

Justice Stewart became eligible From U.S. Called

to retire at full pay when he turned 65 in January of last year. A few days after that, he said, he received a letter from a high school student is the world's largest supplier of arms to terrorists and guerrillas through theits from its armories, according to a report to be pubasking him why he had stayed on

Started Thinking

That letter, he said, "sort of started me thinking," but he was deterred by the fact that 1980 was an election year. He decided that to retire last year would be "very harmful to the court and the counbecause the court would "inevitably be drawn into the presidential campaign."
White House officials said on

Friday that a decision on Justice



ty, competence, temperament, character, and diligence." He add-

Justice Stewart was asked Friday whether he thought the president should make a special effort to name a woman to the court. His answer was "no." While there are many qualified women," he said, the most important thing is quali-

Justice Potter Stewart Stewart's successor was not imminent. "There is no short list at this point," said David R. Gergen, assistant to the president for commu-

court and to the appointee and to the American public to appoint someone just because he or she is not a white male. Someone asked Justice Stewart ity decision.

whether he wrote any opinions during his tenure that he now re-

gretted. Yes, one, he answered with a smile, the famous "I know it when I see it" line from an obscen-"I think that's going to be on my tombstone," he said, "and in my

view it's far from deathless." School Praver Issue

He also said he had been embarrassed by the thousands of letters he received praising him for his dissenting opinion in the case that declared prayer in schools uncon-stitutional. The letters assumed that he had dissented out of relig-ious conviction, when in fact his dissent was based "not at all" on his religious views but on "my understanding of the United States Constitution.

"So far as I'm concerned," Justice Stewart said, "a good justice is a judge whose opinions you can read, and after you read them you have no idea if the judge was a man or a woman, a Republican or a Democrat, a Christian or a Jew, or, if a Christian, a Protestant or a Catholic, You just know he or she was a good indee."

The "first duty" of a justice, he continued, "is to remove from his judicial work his philosophical, moral, political or religious beliefs, and not to think of himself as being here as some big philoso-pher-king. It's not a hierarchical organization. Your boss is only the Constitution and the law."

Swing Justice

"I've never thought of myself as a swing justice," he said, smiling, in answer to a question about the label most frequently applied to him. "I've thought of myself as deciding every case correctly." Justice Stewart was asked

tutional amendment to set a mandatory retirement age for federal judges, who now have lifetime ten-"Perhaps life tenure isn't ideal," he said, "but it's hard to think of any ideal system. I would not be

against consideration of such an

amendment — if it applied across

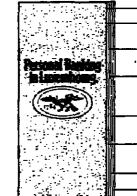
the board to the other branches

whether he would support a consti-

Justice Stewart was asked how he would like to be remembered. Looking abashed, he said softly that it was a question he could not answer. Someone asked it again after the news conference ended and Justice Stewart was heading for the door, and this time he answered. "As a good lawyer who did his

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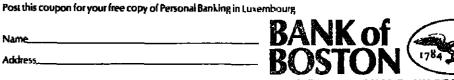
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Monday, June 22, 1981

Flawed Nuclear Safeguards

A kind of war is being promoted between those who think the most reprehensible country in the Middle East is Israel, for bombing the Iraqi reactor, and those who put the heaviest burden on Iraq, for building it. But this is a phony war. Both sides, hoping for advantage, might like it, but there is good reason not to force a choice that has the effect of giving a free ride to pre-emption or to proliferation, as the case may be. The real

need is to address the perils in both policies. For its attack Israel is being severely and, in our view, properly called to account, in particular by the United States, the only country with the political and moral standing in Israel to have its rebuke taken seriously. Tough words - mixed with some exculpatory ones - have come from the White House. The normal flow of arms has been interrupted and the terms of the future flow put under review. The question of what controls should be put on Israel's own nuclear plant is finally out in the open. At the United Nations, Israel has seen the United States make common cause with Iraq in condemning the raid.

The administration has not broken its basic tie to Israel. But it is insisting on conducting an American policy, not an Israeli policy, in a region where its interests are varied and complex. President Reagan, moreover, has begun calling for a "real and stable" peace. which, if it means anything, signifies an intent not previously visible to take up the Palestinian problem as well as the machinations of Soviet power.

Would that the administration had been nearly so resolute in facing the proliferation problem. Here it shows some of the same flaws afflicting the policies of countries using the episode simply to firm up their relations in the Arab world.

Personally, Mr. Reagan grants that the Israelis had "reason for concern" about the lraqi nuclear program, arguing that they should have come to him so he could lean on France. But the bureaucracy dances away from the question of what Iraq was up to, suggesting there was really nothing to worry about. This is disingenuous.

There is plenty of room to argue over the imminence of the threat and the nature of the Israeli response. But there can be no serious doubt that Iraq was after a bomb.

The evidence for this does not rest on the

In 1974, reformers in Congress won a stun-

ning triumph over a hundred years of hap-

hazard government spending. A new budget

process was instituted to give Congress more

say over economic policy and more discipline

over its own fragmented spending. But the

reform was born a colt with shaky legs. Infla-

tion continued to push the budget above the

levels that Congress set for itself, and old

This year, for the first time, Congress is

going about its budgetary business in ear-

nest. But look who's riding away with the

horse. President Reagan grabbed the reins

only four weeks after inauguration, sending

Congress an urgent plea to help restore the

economy by making deep reductions in pro-

posed spending. In March he sent along de-

tails, and by May, with strong bipartisan

support, Congress put its committees to work

to do what he asked --- cut \$36 billion from

the fiscal 1982 budget. The work has been

completed and now Congress will vote on the

results. It's fair to wonder whether the horse

What Congress will consider is called a re-

conciliation bill. It is the most amazing, im-

isn't being ridden into the ground.

spending habits were hard to change.

easily unmasked misstatements of Israeli propaganda after the raid. It rests somewhat on intelligence assessments of Iraq's intent. It rests even more on massive and uncontroverted facts: Iraq was stockpiling uranium ore but had no commercial nuclear power program. Iraq was acquiring training, technology and equipment in a pattern explicable only if it was making a bomb. All this American officials ignore.

The first of the second of the

Part of the blindness may spring from political considerations — an understandable desire to recoup the Arab-world losses that Israel inflicted on Washington by its attack. A larger part arises from obtuseness about proliferation. Typically, Mr. Reagan on Tuesday spoke out against proliferation but said he did not think that should "carry over into the development of nuclear power for peaceful purposes." Comforting as it is, the idea that there is a clear separation between the materials, facilities and know-how necessary to make bombs and those needed to make electricity is a fairy tale. There is virtually no separation. It comes down to intent.

Don't worry, respond the national providers and international overseers of "peaceful" nuclear wherewithal, you can trust the international safeguards system. Here is another fairy tale. That system entails a pledge of abstinence and then inspections by the International Atomic Energy Agency. It is shot full of holes. Not only can a country back out of the nonproliferation treaty, but IAEA inspections are carried out only a few times a year, are pre-announced, do not apply to all military-relevant facilities and may be canceled without warning, as Iraq canceled them for a spell in 1980.

True, in some circumstances the safeguards are part of the solution. But in Iraqtype circumstances, the safeguards are part of the problem: They provide a cover for bomb work and nurse the illusion that all is well. It is being said that the Israeli raid "threatens the international nuclear safe-guards system." This is like saying nuclear war threatens detente. The raid did not threaten the system. It exposed its weaknesses. Many things must be done by many parties to halt the further spread of nuclear weapons. One is to improve the nuclear safeguards system.

pressive and in some ways alarming accom-

plishment of the emerging budget process. It will be possibly 4,000 pages long and will

comprise a thousand changes in a hundred

laws, all in one bill. Yet Congress will vote

the measure up or down after only limited

debate, thereby ordering enough changes in

federal programs to hold spending next year

to the ceiling it adopted with the president's

Reconciliation was designed as a way to

force congressional committees to live within

the budget ceiling as the legislative year end-

ed. But Ronald Reagan has invoked it from

the start of the process, thus pushing Con-

gress to make all those spending cuts with

There is something to be said for this strat-

egy. It has enabled Mr. Reagan to act quickly

and enabled Congress to do some long-over-

due budget-chopping. But such speed and complexity are bound to generate mistakes

- and injustice. Washington's ablest lobby-

ists have managed to protect their interests.

The poor, predictably, will be asked to do

THE NEW YORK TIMES.

more than their fair share for fiscal austerity.

blessing in May.

barely any deliberation.

THE WASHINGTON POST.



China Policy: FX Scarcely Spells Finesse

By Edward Friedman

WASHINGTON — Despite a claim by a member of the entourage of Secretary of State Alexander M. Haig Jr. in Peking that the Chinese had been "all hearts and flowers" in the brief but important talks last week, Mr. Haig's visit should be understood as part of an attempt at crisis containment. The roots of the potential crisis run deep in the political soil of

Peking, Washington, and Taipei.

In normalizing relations with the United States in December, 1979, the Chinese leader Deng Xiaoping agreed to finesse the Taiwan issue, merely agreeing to disagree over U.S. intentions to continue to sell defensive weapons to Taiwan. China, interested in developing the peaceful commercial possibilities of the For-mosa Strait region, immediately reduced mili-tary tensions there to the lowest level since the

enmity began in 1949.

Mr. Deng's opponents in the conservative, superpatriotic Chinese military are denouncing the Taiwan arrangement as national capitulation. These foes - while no public spokesman bas come forward, the foes are numerous and powerful - brand Mr. Deng's followers who put reform, modernization and democratization first - as traitors who are forfeiting China's sovereignty. The arguments offered by Mr. Deng's adherents for strategically accepting long-term compromise as consonant with China's military weakness and its need to de-fend against Soviet expansionism are mocked

as a "pretext of the scum of the nation." The Deng group is under great pressure to get swift results on nonpolitical ties with Taiwan. Large parts of its reform program depend on tightening its loose coalition by devel-oping, in addition to existing trade, other relations with the island, including mail, family visits, cultural exchanges and sports.

BRUSSELS — For the Russians Human

D sians, Hungary is the land of the three miracles: It invented a

magic cube puzzle with 3 billion

possible solutions; it discovered a lotion that apparently really works

against loss of hair, and it devel-

oped an overtly Communist re-

gime that has the highest standard of living, culture and liberty in the

Soviet bloc and can allow itself the

luxury of applying unpopular mea-

sures - price increases, for exam-

ple — without fearing a Polish-

Yet if Hungary is now on the front pages of Soviet newspapers,

it is for another reason. Tass has

just widely distributed the major

part of a long editorial published by Nepszabadsag, the organ of the Hungarian Communist Party, on

The Hungarian daily made no

effort to alter the text imposed by

Moscow on all Communist news-

papers. The Kremlin demanded

publication in full of the letter-ul-

timatum that Soviet President

Leonid Brezhnev had sent to the

Polish Communist Party warning

it of an "evolution leading to a na-

reprinting the text. The East Germans and Czechoslovaks went out

of their way to adorn the text to please their masters. But Tass

chose the Hungarian reproduction

to quote a warning to the Poles about "giving in to the class enemy

The Romanians did not bother

the situation in Poland.

type rebellion.

tional disaster."

But Taiwan finds no reason to move in these nonpolitical realms. As Taiwan sees it, main-land politics have been fraught with terrifying is truly institutionalized. Mr. Deng's difficulties give leaders in Taipei reason for pause.

Peking could add to Taipei's sense of security and perhaps increase Taipe's willingness to act on these nonpolitical matters. It welcomed Taiwan back into the Olympics as China (Taipei) and could use the same formula in international financial institutions. But Deng Xiaoping's opponents may oppose such ges-tures as humiliating capitulationism.

To complicate things further, normalization of relations between the United States and China came with secret suddenness. It was not caused by American constituencies insisting on a needed and enlightened improvement in the U.S. international position. Consequently, many in Washington worried (unnecessarily, believe) that the Carter administration might

In response, in March, 1979, Congress passed the Taiwan Relations Act, which ex-

vulnerable to accusations of national betrayal.

By Leopold Unger

members and Hungary's best-

known poet, Gyula Illyes. Each of

these intellectuals declares in his

own way, without knowing what

the others had to say, that the

A Rehabilitation

to the memory of Istvan Bibo, a former minister who was sen-

tenced to life in prison after the

Soviet invasion in 1956. Released in 1963, he died in 1979 without

having been rehabilitated by the

regime. This report has become his

rehabilitation, but it goes much

further. It demonstrates that there

is an inherent incompatibility be-

tween Communism and democra-

cy and points to directions that the

regime could take and which ap-

pear to be close to the one on

The authors of this report dis-

which Poland has now embarked.

cuss a major question for their na-tion: Does Hungary belong to

Central or Eastern Europe? The

question is not one of geography but of politics. For if Hungary's

roots are in the centuries-old tradi-

tion of Central Europe, then the

harvest is one of liberalism and so-

cial democracy. If Hungary was born of Eastern Europe, then it is

the Byzantine tradition of totali-

tarian autocracy that has made its

not be a haphazard one and is very likely linked to the Charter 77

movement in Czechoslovakia, a

fundamental movement for human

rights and the promotion of na-

tional identity. Basically, the re-

port concludes that the current re-

gime in Hungary was imposed by a

foreign power and has no national

basis. The authors say openly that

some responsibility lies with Hun-

garian intellectuals, who, with few

exceptions, kept silent for years in

The choice of 77 authors may

The report is formally dedicated

Communist king has no clothes.

and being soft in the war against counter-revolutionaries." And

Tass added that the Hungarian ed-

itorial expressed the "concern of

the truth. The Hungarian newspa-

per printed the Brezhnev letter and

loyalty on the part of the Budapest

authorities. But if Hungarian pub-

lic opinion is worried, it is not for

Hungarian authorities have been

extremely cautious in their attitude toward the Polish crisis. The tradi-

tional friendship between Poland and Hungary — in 1956 only the Poles tried to offer help to the

Hungarians being massacred by the Red Army — makes every

Hungarian gesture toward Poland

At the same time, all Polish in-

fluence on Hungary is worthy of

note, and is being noted, by interested neighbors. So it is with the

group working with Andra Hogedus, the country's last pre-

mier of the Stalinist period and to-

day the least conformist of all

Hungarian sociologists. What Mr.

Hogedus is currently suggesting is that Hungary should look into plu-

This does not mean a multiparty system. But Mr. Hogedus sees the "Polish compromise" as a possible

path to follow toward a third type of real Socialism, after the Soviet

ralistic Communism.

trite commentary as a show of

Nothing could be further from

Hungarian public opinion."

the reason implied by Tass.

Military conservatives used the Taiwan issue to oppose Mr. Deng's reform program—which included worker self-management, expansion of freewheeling rural markets, local elections, decentralization of power, a further opening of newspapers and culture and religion—as reactionary upportraits. Westernizaion — as reactionary, unpatriotic Westerniza-tion. This can place China's new political orientation at risk.

All this seems absurd considering what normalization has reaped. Peace flourishes in the maizzanon has reaped. Peace nourishes in the Formosa Strait region. Tensions in Korea have eased. Peking and Washington coordinate common strategic interests against Soviet expansionism. China has gained science, technology and cheap capital, which provide economic underpinnings for long-term raising of its standard of living. Taiwan has won new, profitable trade with Europe and the mainland, which offests the ill effects of international rewhich offsets the ill effects of international recession and high oil prices.

China has become, overall, America's third-ranking market in Asia, and it ranks first in cotton and wheat. More military and high-

cotton and wheat. More mintary and ingi-technology trade is in the offing.

But the gains are a bit fragile. They could be reversed if Washington sold the FX to Taipei, if Peking kept pressing for more nonpolitical relations with Taipei immediately, and if Taipei continued insisting on provocative military and political symbols of Washington's good faith.

Edward Friedman, a professor of Chinese poli-tics who is on leave from the University of Wis-consin, is a member of the staff of the Subcom-mittee on Asian and Pacific Affairs of the House Foreign Affairs Committee. He wrote this article for The New York Times.

twists and reversals. Taiwan insists on the right to wait and see if the new trend in Peking

Deng Coalition Threatened

seli out Taiwan.

pressed the "clear ... expectation that the fu-ture of Taiwan will be determined by peaceful means," Candidate Ronald Reagan promised to restore official relations with Taiwan, and Taiwan came to expect that a Reagan administration would sell it the advanced FX jet fighter as symbolic proof of its commitment.

These U.S. initiatives threatened the way Washington-Peking normalization had finessed the Taiwan problem. The switch threatened the Deng coalition, leaving it more

Intellectuals Quietly Astir in Hungary

model and the one created in Yu- profound indifference. Clearly this is no longer the case. Another indication of the "con-The Hungarian regime has re-acted to this report with great caucern of Hungarian public opinion" can be seen in the clandestine distion. The government wants to avoid antagonizing Moscow and tribution of a 1,000-page report by 77 Hungarian intellectuals, includprevent any Polish type of popular ing a number of Communist Party

movement: Its reaction came in two forms. First the carrot, with an announcement that the workweek will be reduced to five days in the near future and that labor unions will be given greater prerogatives. Then

the stick, with creeping repression. The Joseph Attila Young Writers Association was suspended when some of its members asked for permission to visit Poland. Selectively, the government for-bade travel abroad to some, imposed an 8 p.m. curfew on others, and barred others from walking on

certain streets of Budapest. Slight Fallout

None of this is as serious as the repression in Czechoslovakia, nor is the tension anywhere near as high as in Poland. Workers in Hungary seem to care little about politics. The Catholic church, whose leader, Cardinal Istvan Lekai, does not have the stature of a Cardinal Wyszynski, appears to be unconcerned by the state of government affairs.

Only the intellectuals seem liable to be affected by the germs of democracy wafting from Poland. Contrary to what Moscow had feared, there was no automatic fallout from the Polish explosion. For political, social and psychological reasons, the graft of democracy on a Communist body seemed

to take only in Poland. But it may be just a question of time. Liberty is contagious and the Hungarian government remembers the reform movement of 1956, which started out as a debate among intellectuals. It also knows that before the independent union Solidarity was formed, the situation in Poland was being criticized by a Workers' Defense Committee. KOR, that was then composed of

35 intellectuals. 01981, International Herald Tribuns

Investing Prague's Old Gold

By George F. Will

WASHINGTON — Now comes what surely will be the final installment in the longrunning but little-noticed story of the Czechoslovakian gold, a drama that asks the question: Is even Sen. Daniel Moynihan, the Democrat from New York, a bit soft on Czechoslovakia?

In 1948 the Communists seized power in Prague and expropriated all property owned in Czechoslo-vakia by U.S. citizens. Commu-nism always is theft, but this theft involved a peculiar problem. There was in the United States nearly 9 tons of gold belonging to Czechoslovakia. It was part of the gold captured by the U.S. Army when the Third Reich collapsed, and was awarded to Czechoslovakia by an international commission. In response to Czechoslovakia's extropriations, President Truman blocked the gold.

In 1958 a U.S. government agen-cy placed a value of \$113.64 mil-lion on U.S. citizens' claims against Czechoslovskia. The Unit-ed States seized and sold steel mill equipment belonging to Czechos-lovakians and distributed the \$8.5 million in proceeds to claimants, leaving a balance owed of \$105 million. Today many claimants are elderly and in need; others have

died without receiving justice. In 1974 Czechoslovakia had the effrontery to offer \$20.5 million to settle the \$105-million debt, plus any unadjudicated claims by other U.S. citizens. The \$20.5 million was to be paid over 12 years and without interest. The State Depart-ment, full of the spirit of detente,

thought that offer was dandy.

Congress objected and stipulated by statute that the gold must be held until a settlement is approved by Congress. The Senate Finance Committee said: "The United States simply cannot afford to proclaim ... that expropriations of U.S. properties will quickly be forgotten if the taking nation ultimately offers a relative pittance in

33 Years On

Patience is a virtue but not as racticed by the State Department. It has been negotiating, intermit-tently, since the year the Boston

Braves won the pennant.
For 33 years Czechoslovakia has had the constant and cost-free use of American assets. Evidently the

State Department did not negotiate at all between 1974 and 1980.
But in 1980 Sen. Moynihan became, as he is wont to do, aroused.
He proposed legislation to give Czechoslovakia 60 days to reach a settlement agreeable to Congress. After the deadline, the gold would be sold, the proceeds would be invested, and the yield distributed until all claims had been paid.

Then the invested principal would be given to Czechoslovakia. Twice last year the State Department urged Congress not to pass Sen. Moynihan's bill because serious negotiations were supposedly at hand. A year later we are, of course, no closer to an acceptable settlement than we were 33 years ago. Czechoslovakia's intransigence persists, in spite of the determined diplomacy of the State De-

partment's most recent negotiator, Ambassador Rozanne Ridgeway. The Senate Finance Committee has unanimously approved a Moy-nihan bill. The House version seems to be sailing toward passage. The State Department says it will decide by June 30 whether to support it. Surely only a sinister force could cause Al Haig to oppose it.

Compound It All

It should, however, be improved. Homer nods and even Moynihan errs. He has been exemplary on this issue, but he should toughen the terms. U.S. relations with Czechoslovakia can hardly get worse while Czechoslovakia is serving as the Soviet Union's surrogate bully regarding Poland. So

let's try a little linkage.

The bill should stipulate that the sum owed is not \$105 million. The value of the property should be calculated in 1948 dollars, then recalculated allowing for 33 years of compounded inflation, with 33 years of compounded interest added on. Then a fee should be added to reimburse the U.S. government

for its time and labor,

Furthermore, the bill should stipulate that the invested funds from the sale of the gold must remain invested until they have gencrated enough interest to reimburse all those who left property in Czechoslovakia when they fled to freedom in 1968.

And even when all such claims have been paid, the invested funds should remain invested until the president certifies that Czechoslovakia is in complete compliance with the Helsinki agreements, of which it is a signatory. That means freedom to travel, free access to communications, and general free-dom from repression for the Charter 77 dissidents and all other

Czechoslovaks: Given this requirement, the invested funds would remain invest-0/981, The Washington Post,

Lee W. Huebner

Philip M. Foisie

Walter N. Welk

Robert K. McCabe

Stephen Klaidman

Ex-President Bani-Sadr

Making Unnatural Haste

You remember Iran, the place in the Gulf that to all intents and purposes skidded off the American radar screen when the hostages were freed five months ago? It's back, at least for awhile. What's happened is that one of the few figures who seemed somewhat reasonable and likable, if maddeningly unreliable, during the hostage crisis has been undone. That's the president, Abolhassan Bani-Sadr, who, just before he went into hiding and possible flight abroad, was under house arrest and facing not simply impeachment but death at the hands of a howling mob.

It is being said of President Bani-Sadr that he lacked certain political skills. A more ironic way to put it is that he had an insufficient grasp of the forces of Islamic fundamentalism. Although elected with 76 percent of the vote early in 1980, he failed to build a party or firm up a constituency to contest the mosque-based machine organized by the mullahs. Nor did he manage to stay on the sweet side of his erstwhile mentor, Ayatollah Khomeini, who finally threw him to the dogs.

Such critiques may have merit. Yet Mr. Bani-Sadr seemed to many Iranians to be making an altogether worthwhile effort to balance the demands of Iranian tradition against the practical requirements of running a country, including fighting the war against the invading Iraqis. He also had assembled, he reported, 500 dossiers on torture victims. By Iranian standards, that made him a moderate. The obscurantists and zealots now seem to be in full command.

It matters little to most Americans where all this will take Iran. Yet the American interest in a stable, peaceful, prospering and, when circumstances permit, friendly Iran exists apart from the diplomatic ups and downs. Mr. Bani-Sadr was no closet pro-American. Yet he seemed to have a vision of his country's future compatible with an eventual return to stability and to mutually respectful relations with the United States. Those who have forced him out seem determined mostly to devour their own revolution. THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago

June 22, 1906

DRESDEN - Widespread satisfaction has been caused by the engagement of Prince Johann Georg and Princess Marie Immaculata of Bourbon-Sicily. Society especially is pleased and hopes the wedding will take place before next winter so that the Court festivities will have the presence of the bride. The princess is looked to as an important addition to society. A young Royal lady is much needed here, as the Queen Dowager goes virtually nowhere and Princess Mathilde goes out into society as little as possible. It is reported that Princess Marie Immaculata is fond of music, a fact that will help to endear her to the residents of a city where opera

and music play such an important part.

Fifty Years Ago

BERLIN - Dr. Julius Curtius, the German foreign minister, announced tonight that the German government, through its Washington embassy, has consented officially to President Hoover's plan for a one-year debts and reparations holiday. "Germany," said Dr. Curtius, "receives President Hoover's suggestion gratefully." If the plan is made effective, Germany's burden will be decreased 1,500 million marks during the year beginning July 1. But the Reich will benefit only by 840 million marks, as the remainder will go to the railroads because of their share in reparation payments. The most dignified government officials today scarcely concealed their jubilation over Mr. Hoover's action.

-Letters Afrikaner Genealogy

The story (IHT, June 17) about Afrikaners not being keen to have their lineages traced, which quotes the head of Debrett's Peerage as saying that this is so out of fear of discovering a black ancestor, is just not true. Afrikaners are probably one of the world's best documented peoples, if not the best. There is not an Afrikaner unable to tell you where his ancestors

I would say it is a case of Debrett's Pecrage just not being needed in South Africa. Apart from meticulously kept Dutch Reformed Church archives, there is the excellent South African Genealogical Society in Cape Town, which will supply any South Afri-can with a complete family tree for a very small fee of around \$10. There is also an up-to-date register of South African families, which makes it child's play to trace

came from --- be it Holland, Ger-

many, France, Britain, Lithuania

South Africans are interested in genealogy. Actually, it fascinates them. For instance, I am an 11thgeneration Afrikaner, with a fore-

father who arrived at the Cape in 1662 from Oldenburg, Germany. With the help of the South African Genealogical Society I have traced altogether eight European-born ancestors. The last arrival was a grandfather who came from Poland in 1886 aged 11.

MARILYN TOMLINS.

Doing Business

Re the fine article by Bill Brock "No Wonder No Exports" (IHT, May 29): A few years ago, when the subject of bribery was first being splashed across the headlines of the world, a member of the British Parliament stood and asked, "What about this matter of Middle East bribery now being reported?" Another member rose and answered, "In that part of the world, that is the way they conduct business." Both men resumed their seats and the session went on to other matters.

Are we U.S. do-gooders naive, ignorant or just much too holierthan-thou? RISA SUSSMAN.

Herald Tribune

John Hay Whitney

Katharine Graham Arthur Ochs Subberger Co-Chairmen

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Rene Bondy

Associate Publisher

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Editor

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Roland Pinson Richard H. Morgan

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rash Walesa Exhorts Poles to Give Id Government a Chance to Rule Government a Chance to Rule with a definitive economic recovery program. with a definitive economic recovery program. with a definitive economic recovery program. to suggest that a crackdown is the offing. Their attention is been focused mainly on the but into the party congress oper

path as Poland enters a new phase of crisis, has again called on the country to give the Communist government a chance to rule.

Mr. Walesa issued the appeal Saturday night in one of his long-est television appearances, made during the period of preparation for next month's emergency party He reiterated a message he had

emphasized during a recent counnywide tour, saying that that his union sought peaceful coexistence with a strong government. "The government must rule and

it must be strong... Let's give the government a chance to rule," the union leader said.

Mr. Walesa's remarks appeared also to be a criticism of the government, which nearly a year after workers launched a protest strike movement has still not come up

ried out last month by the official Public Opinion Research Center, whose results were reported in the latest issue of the weekly Kultura.

Poles placed their confidence first in the Roman Catholic Church and secondly in Solidarity, according to the report. The army, parliament, council of state and vernment came next in order. The Communist Party was last on the list.

Mr. Walesa's message of moderation appears to have had an effect. In recent weeks there has been a relative absence of friction between the authorities and Solidarity even though East bloc critics continue to argue that Solidarity extremists are bent on destroy-

ing Communist power.
Poland's Communist leaders have agreed in public with this view but have so far done nothing

Soviet Aide Links Poland. Western Plans on Missiles

MOSCOW - A leading spokesman for the Soviet Communist Party has linked developments in Poland and plans by the West to deploy new medium-range nuclear weapons in Europe as attempts to undermine the Warsaw Pact

In a speech Saturday on Soviet television, Leonid M. Zamyatin, chief of the International Information Department of the party's Central Committee, specifically accused West Germany of designs in this direction.

Mr. Zamyatin gave an often emotional version of events in Poland that was based on claims that extremists in the Solidarity independent trade union might try to alter the Polish Communist Party or even divide it at the party coneress next month. He then declared that only the Warsaw Pact offered safeguards for Poland's

frontiers and security. "It is not accidental, therefore," he continued, "that the imperialist forces are now striving not only to saturate Western Europe with medium-range missiles, but also to take advantage of developments in Poland in order to weaken the Socialist community, to try to undermine somehow from within, through Poland, the defense potential of the Warsaw Pact countries.

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the forest fig.

1997 - 1721 - 1875. 1880 - 1821 - 1885.

A APPLICATION AS

is a section

Such is the policy of the imperialist powers. And certain forces, including those in the Federal Republic of Germany, are now trying to profit by this."

Mr. Zamyatin showed viewers a West German map that showed portions of Poland that were part ish soil.

By Robert C. Toth

Los Angeles Times Service
WASHINGTON — The linkup
in orbit last week of two of the So-

viet Union's largest satellites that

are capable of carrying men is de-

scribed by U.S. military sources as

the precursor of a large Soviet

space complex that can be expect-

Besides showing the continued fast pace of Soviet space efforts, the joining of the Cosmos-1267

and Salyut-6 stations on Friday

was viewed by the sources as an

example of Soviet hypocrisy in

contending that the U.S. space

shuttle program had started a

tellites are totally dedicated to mil-

itary missions and another 15 per-

cent serve dual military and civil

purposes," an administration offi-

Intelligence Community

The U.S. intelligence community had predicted several months

ago that the Soviet Union would

soon launch a new military space

station whose cosmonauts would

conduct photo and visual recon-

naissance, early warning duties

Argentina Said

To Sign Deal for

Austrian Tanks

New York Times Service BUENOS AIRES — Argentina has signed a \$180-million contract

in Paris with an Austrian arms

firm to buy 57 tanks, according to

In the meantime, the Socialist

government of Austrian Chancel-

lor Bruno Kreisky announced Fri-

Government spokesmen in Vi-

enna had denied reports of an im-

minent sale last week, but some la-

bor leaders, parliamentarians and

youth groups have said they will seek to block it because of the

human rights record of the Argen-

time military regime. The 57 tanks,

light vehicles known as tank de-

stroyers, had originally been made

as part of an order for Chile, but

that order was canceled last year

The Argentine government has

been silent on the deal. The tanks

are destined for the southern part

of the country and are part of a

two-year-old military buildup in

continuing tensions over a boundary dispute with Chile in the Bea-

gle Channel, at the southern tip of

The boundary dispute has been

under the mediation of Pope John

Paul II since the two countries al-

most went to wal in late 1978.

after similar opposition.

the continent.

sources close to the agreement.

and in Austria.

"At least 75 percent of Soviet sa-

ed to have military uses.

new arms race in space.

of Germany before World War II. This, he suggested, demonstrated German designs on Poland.

His comments were regarded in Moscow as a contribution to the continuing Soviet pressure on Poland's Communists to resist those who are seeking extensive demo-cratization of the party at the con-gress, which is scheduled to begin

July 14. However, his allegation of Western efforts to exploit the events in Poland were among the most de-tailed claims of a security threat to the Soviet bloc yet made by a Sovi-

et spokesman. Mr. Zamyatin linked his teferences to West Germany to the 40th anniversary, on Monday, of Nazi Germany's invasion of the Soviet Union, and he proceeded to criti-

cize Bonn's military policies. Citing various neo-Nazi organizations and leaflets that he said were afield in West Germany, he declared that "the spirit of revanchism and neo-Nazism is alive in the Federal Republic of Germa-

From this statement, Mr. Zamyatin proceeded to a detailed catalogue of West Germany's military capability, a juxtaposition ap-parently intended to connect neo-Nazism with West German military strength.

Although Mr. Zamyatin left unclear how he felt West Germany intended to exploit the Polish situation, he made a point of recalling that Nazi Germany began its inva-sion of the Soviet Union from Pol-

Linkup in Orbit of 2 Soviet Satellites

The two-module station now in

U.S. sources have not ruled out

ed sensors.

In another development, the PAP news agency reported that Polish President Henryk Jablonski was elected a delegate to the congress. The head of state was elected at a party meeting in Tarnow, despite his earlier statement that he would not stand for election.

PAP also withdrew a report that hard-line Politburo member Tadeusz Grabski had been elected a delegate Sunday at a party meeting in Kalisz, central Poland. The agency said Mr. Grabski had not stood for election and eliminated

During a stormy Central Committee meeting June 10, Mr. Grabski and other hard-line members of the leadership challenged party leader Stanislaw Kania, who was

Committee meeting that the present membership of the 11-man Politburo under Mr. Kania's leadership was unable to guide Poland out of its crisis, an apparent indirect call for his removal.

Afterward, Mr. Kania reiterated Soviet concerns over the elections of inexperienced party members as delegates to the July congress and urged party members to send the current leadership there for the delegates' assessment.

Delegate List

So far, at least four members of the party leadership have either failed to win mandates to the congress or taken themselves out of the running. Current leaders who have been chosen as delegates so are Mr. Kania, Premier Wojciech Jaruzelski, full Politburo members Mieczysław Moczar. Mieczysław Jagielski, Kazimierz Barcikowski and alternates Tadeusz Fiszbach and Roman Ney.

Meantime, three hunger strikers ended a 19-day fast after the Catholic Church pledged to pursue their bid to win elemency for two brothers jailed nine years ago for blowing up a building, the Solidarity-sponsored Committee for the Defense of Prisoners of Con-

Hospital officials in Katowice. where the protest began June 1, said Krystian Roczniok, 24, Albin Bialon, 37, and Maria Moczulska, 42, took liquid foods Saturday and were in excellent condition but would remain hospitalized for a week. A fourth hunger striker, Tadeusz Kicki, 44, entered the hospi-

Seen as Step Toward a Space Complex now in orbit should therefore weigh 32 to 36 tons, less than half orbit, which weighs an estimated 32 to 36 tons, will apparently not be visited by cosmonauts, although the weight of the 77.5-ton U.S. Skylab that was launched in 1974

and returned to Earth last year. All

linked into one large station.

Aviation Week & Space Tech-

nology magazine has reported that,

in the view of U.S. experts, the So-

viet Union is aiming for a 12-man,

gram is totally integrated with and subservient to the military programs, U.S. officials said. "In the future we expect that they will

have a new military space station

in service and probably, in the

longer term, a new, reusable space

system — not unlike our shuttle

but probably much smaller initial-

ly and less technologically sophis-

signs also suggest that the new So-viet station is far less technically that possibility. The Soviet press agency Tass an-nounced that the docking mission sophisticated, sources said. Although some sources refused to rule out visits by cosmonauts to was "designed to test systems and the new station, others were confielements of the design of future dent that its mission was the re-mote testing of mechanisms for fu-ture spacecraft designed to be spacecraft and methods of assembly of orbital complexes of a big

size and weight." Salyut-6 is a 21-ton station that was launched in 1977 and has been host to a score of cosmonauts.

Vehicle Refurbished

When the last cosmonauts de-parted Salyut-6 on May 27, Mos-cow announced that the vehicle would not again be occupied by cosmonants. U.S. sources are somewhat skeptical on that point, however. Although some structural buckling has occurred in Salyut-6, they said, the vehicle has also been

Cosmos-1267, the second part of the new station, was launched April 25 with the same large rocket that has carried Salyut-sized craft. The Soviet Union gave no details of its size, but it was assumed to be the same weight as Salyut — about 21 tons — when launched.

However, Cosmos-1267 ejected a moderate-sized section that parachuted back to earth on May 24. Telemetry from the satellite was similar (in frequency, pattern and tone) to that used by Soviet manned spacecraft, according to Charles Sheldon, the Congressional Research Service's expert on Soviet space activities.

The ejected capsule, presumably capable of carrying a manned crew, probably weighed six to 10 tons. Mr. Sheldon speculated. The

day that it has approved the sale by the Steyr-Daimler-Puch Co., apparently closing what has be-come an issue both in Argentina **Ariane Satellites** In Proper Orbits

PARIS — The Indian and European satellites launched by the European Ariane launcher are in good condition and in their planned orbits, the European Space Agency said during the

They were the first high level satellites launched independently of the United States and the Soviet Union. The launch Friday from French Guiana was the third test flight of the Ariane rocket and the first to put up satellites.

The Indian experimental com-munications satellite, called Apple, is being controlled jointly by an ESA center in Darmstadt, West Germany, and the Indian center at Shar. The other satellite, for weather monitoring, is also being controlled by the West German

its original story.

elected a delegate to the congress at a meeting in Krakow last week. Mr. Grabski said at the Central

But the committee rejected a motion that it put the Politburo to a vote of confidence and there were no personnel changes at the

Peter Onu, assistant secretarygeneral of the African organization, insisted Saturday that since Egynt was a legitimate member, 11 must be allowed to participate in the working sessions of the Stand-

signed the peace treaty, but it is apparent that President Anwar Sa-

Grenada Closes All Newspapers

110-ton space station to be permanently occupied by rotating crews by the mid-1980s. announced The Soviet civilian satellite pro-

He told a rally Saturday that the ban would continue until his goverument formulates a new press policy. The ban was disclosed after the closure Friday of the new independent newspaper, The Grenadian Voice.

The 26 owners of the Voice also were accused of issuing five counterrevolutionary pamphlets during the past six months.

Pamela Hansford Johnson, **English Writer, Is Dead** tack while vacationing with his wife at Antibes on the French Riviera. Mr. Busignies, a natural-

LONDON — Pamela Hansford Johnson, 69, English writer and widow of C.P. Snow, the novelist, playwright and scientist to whom she was married for 21 years, died last Thursday. Her death came al-

OBITUARIES

most a year after that of Lord Snow, who died July 1, 1980, at age 74. Critics generally found her nov-

els perceptive and often more literary than her husband's, although her work never achieved the popularity of his. Anthony Burgess, the novelist and critic, once described Miss Johnson's novels as "witty, satirical and deftly malicious."

Her novels included "An Impossible Marriage," "The Sea and the Wedding." "The Unspeakable Skipton." "The Good Husband," "The Honors Board" and "Night and Silence, Who Is Here?" Her study on the American novelist Thomas Wolfe was published in the United States as "Hungry Gul-

Henri Gaston Busignies PARIS (NYT) - Henri Gaston Busignies, 76, whose more than 140 inventions in aerial navigation helped guide aircrast the world over, died Saturday of a heart at-

ized U.S. citizen who was born in France, was senior vice president and chief scientist of International Telephone & Telegraph until he retired in 1975. George Erwin

TEANECK, New Jersey (UPI)

— Jazz musician, George "Pee Wee" Erwin, 68, who played trum-pet with both the Benny Goodman and Tommy Dorsey bands, died

Lotte Reiniger LONDON - Lone Reiniger,

82, the German filmmaker credited with making the world's first full-length cartoon feature, "The Adventures of Prince Achmed," in 1926, died Friday in Detten-hausen, West Germany, her biog-rapher, Paul Gelver, said Saturday.

been routinely circulated to congressional committees since they began to appear early this year.

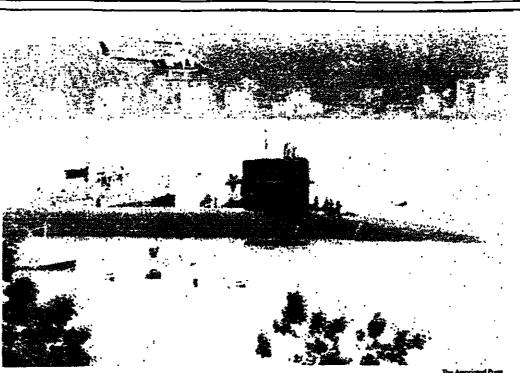
U.S. B-52s in Darwin To Monitor Russians United Press International

SYDNEY — U.S. B-52 bombers are scheduled to begin weekly surveillance flights out of Darwin, Australia, to monitor Soviet naval

activity in the Indian Ocean. Flight operations start Monday, a Royal Australian Air Force

WORLDWIDE ENTERTAINMENT

CHAMPS-ELYSES - TOMORROW NIGHT= Itahak PERLMAN ≈ at the Piano: Bruno Caneno:



I'EST RUN — Accompanied by pleasure boats, tugs and a helicopter, the Trident submarine Ohio returned to port in Groton, Conn., during the weekend after three days of sea trials.

Arab Bank Director Is Cool to OAU Call For Afro-Arab Summit on Aid, Oil Issues

among African leaders. Many of

these view Egypt as presenting a

counter to the perceived adventu-

rism of Libya's Col. Moamer

Moreover. Egypt has long had an active foreign policy in black Africa, and it has sent teachers,

technicians, physicians and mili-

tary advisers to several black Afri-

Several leaders of black African

nations attending the OAU sum-

mit session said Arab nations have

not sufficiently helped poor black

African countries that severed their relations with Israel at the

Uganda and Kenya, for exam-

technical assistance set up by

U.S. Audit Shows Misuse

Of Funds for Sub-Sahara

ple, used to have major programs

By Juan de Onis

New York Times Service

U.S. aid programs in sub-Saharan

Africa that reported waste or mis-

use "potentially in the millions of

dollars" has raised concern in con-

gressional committees that are

considering the administration's

foreign aid, has asked for \$107 mil-

lion in fiscal 1982, beginning in

October, as the U.S. share of an

international development pro-

gram for the region. The program

is the poorest in Africa with an av-

erage per capita annual income of

The development program was egun in 1973 when a drought

caused the deaths of tens of thou-

sands of people in central and western Africa, decimated cattle

herds and created a refugee popu-

agency's participation in the pro-

gram in four years, conducted by

the agency's inspector general's

office, 13 projects were reviewed. Accounting of funds was seriously

inadequate, the review disclosed

and the region's ability to absorb

Major Criticisms
The auditors reported, for example, that they could not find \$2.6

million in local currency allotted

by the agency to a grain price-sup-port project in Upper Volta. They

reported that \$13 million had been

spent on an unsuccessful livestock

project in Mali. And the auditors said a \$4.6-million cereal produc-

tion project in Senegal, for which

the agency had requested an addi-tional \$7.7 million, had not raised

In two major criticisms, the in-

spector general's report said local officials lacked adequate financial

control to account for the spend-

ing of agency funds and that assistance levels were unrealistic be-

cause pledged funds exceeded the ability of recipient governments to

manage and support projects.

The report said, "There are serious shortcomings in the local entities' financial practices which in-

dicate the cost in terms of waste and misuse of AID and other do-

nor funds is potentially in the mil-lions of dollars." It said that only

half of the 600 projects being considered or under way should be

Herbert L. Beckington, who has

been the agency's inspector general since 1977, said the reports had

grain output.

foreign aid was questioned.

In the first major audit of the

lation of millions.

\$200 among its 30 million people.

\$6-billion, foreign-aid request.

WASHINGTON - An audit of

urging of the Arab world.

Qadhafi.

can countries.

By Pranay B. Gupte New York Times Service

NAIROBI - Foreign ministers from the 50 members of the Organization of African Unity overwhelmingly approved a resolution over the weekend calling for a summit meeting of Arabs and black Africans to sort out their grievances.

Hours later, Chedli Ayari, head of the Arab Bank for Economic Development in Africa, said he saw no immediate prospect for such a meeting.

Instead, Mr. Ayari said Saturday, efforts are being made to revive the so-called Standing Commission consisting of members from the OAU and the Arab League to discuss Arab-African is-

Black African leaders are voice ing increasing concern that rela-tions between their nations and the Arab world have deteriorated to a point where major political steps need to be taken to avert a crisis.

Disappointment

At the heart of this crisis is a belief by many black African nations, particularly poorer ones such as Uganda, Ghana and Zambia, that the oil-producing countries of the Arab world have long promised major infusions of financial aid as well as significant con-cessions in oil prices, but that these Arab nations have not come through adequately in meeting

The Standing Commission has long been moribund. Moves to set up a working session have been stymied by the fact that Egypt is a member of the commission, and many Arab nations, opposed to the Egyptian-Israeli peace treaty, have refused to attend any meeting with Egyptian representatives.

Egypt was suspended from the Arab League in 1979 after it dat retains considerable popularity

ST. GEORGE'S, Grenada — The People's Revolutionary Government of Grenada has passed legislation banning the printing of newspapers for at least a year, Prime Minister Maurice Bishop

In the House Foreign Affairs Committee, which approved a spending authorization bill for the 1982 aid program, the reports led to adoption of an unusual amendment that prohibits sending money to sub-Saharan countries unless the agency's administrator, Peter McPherson, determines that the recipient government can maintain accounting control over the funds.

the Israelis, particularly in farming

and engineering. The black African leaders complain that although

they provide the Arab world with

often-vocal support on the Pales-

tine issue, by pursuing high-price policies the oil-producing Arabs have hurt the economies of the

African leaders here assert that

the volume of aid given by Arabs to black Africa — about \$1 billion

a year, according to Mr. Ayari -

is simply not enough to overcome the fuel bills that they are increas-

Mr. Ayari defended Arab aid to

Africa by saying that so far such aid represented 12 percent of the

total Arab assistance to the Third

ingly being required to pay.

poor Africans.

The Agency for International Development, which administers AID and State Department officials, testifying this month in sup-port of the \$940-million request for economic and military aid to Africa, told the House Appropriations foreign operations subcom-mittee that AID offices had been provides about \$1 billion a year to Chad, Niger, Upper Volta, Mali, Gambia, Mauritania. Senegal and the Cape Verde Islands. The area told to develop training programs on management and auditing for local officials.

Death Toll Now at 42 In Spanish Epidemic

The Associated Press MADRID - The death toll from a mysterious epidemic in Spain has reached 42 following the deaths Friday of five persons, three of them in Madrid, the Health Ministry has announced.

The ministry said 8,254 persons had been hospitalized for treatment since May 1, and that about 2,000 of them remained hospital-

Italians Charge 22 In Masonic Scandal

ROME - More than 20 leaders

of the secret Propaganda Due Masonic lodge, the revelation of which brought down the Italian government last month, have been indicted on charges of political conspiracy and acts against the

Deputy chief prosecutor Domenico Sica, who is leading the inquiry into the P-2 lodge in Rome, described it Saturday as a criminal association whose controllers had "maliciously manipulated facts and events... with the aim of carrying out their planned illegal program."

He issued summonses against 22 members of the lodge, including its grand master, Licio Gelli, who fled earlier charges of political espionage and is believed to be in South America, and four former secret service officers.

Among them were Mr. Gelli's right-hand man, Col. Antonio Viezzer, and Adm. Mario Casardi. who was chief of the secret service until its reorganization after a

scandal six years ago.

All those named, except Adm. Casardi, are accused of a political conspiracy in which Mr. Gelli was named as the ringleader. They were charged under a section of the penal code dealing with attacks on the constitution and armed insurrection against the state.

The indictment also says that they and others so far unidentified planned further "crimes against public and judicial administration, public confidence, personal rights, property, financial regulations and

arms laws."
To these ends, said the prosecutor, P-2 "took on a peculiar char-acter of secrecy and rigid compart-mentalization." The lodge's activities have been linked by investigators to financial scandals, including the fake kidnapping of fugitive financier Michele Sindona. Magistrates said that Mr. Gelli 'had constructed a very real state

within the state." Mr. Sica said many of P-2's members were unaware that it had been suspended from Italian Freemasonry several years ago. He said many more people named on the published membership list were never part of the P-2 but had been put on the list by Mr. Gelli and his associates without their

knowledge.

Mr. Sica said P-2's leaders had used deception, blackmail and

Russian Radios Seized in Dacca

DACCA, Bangladesh - Customs officers at Dacca's international airport have seized a consignment of high-frequency transmitters and other radio equipment that the Soviet Embassy was trying to import into Bangladesh, airport security sources said Sun-

They said a special Aeroflot cargo plane landed last Tuesday night carrying the goods along with 10 tons of building materials in crates came suspicious when embassy personnel tried to take the goods out of the airport without getting permission from airport authorities. Airport staff scuffled with the embassy personnel and, with the help of police, overpowered them, the sources said.

Soviet Embassy officials later told airport authorities they had no knowledge of how the equipment came to be in Dacca.

or tolerate illegal acts or to omit those that could have harmed their criminal association." The indictment repeated the charges of political espionage that Mr. Gelli and Col. Viezzer aiready face.

Through the secret service chief the conspirators obtained "information and documents which in the internal and international interests of the state should have remained secret," the indictment said. Some of these are known to have concerned Italian negotiations to ensure its oil supplies.

A government committee ruled last week that P-2 was an illegal society, and Premier-designate Giovanni Spadolini said he intended to dissolve it.

Paraguayan police disclosed Friday night that Italy has asked them to arrest Mr. Gelli if he appears in their country. Police sources said that it was not known whether Mr. Gelli was actually in Paraguay, but that he might have taken refuge with Umberto Orto-lani, an Italian who owns property in western Paraguay.

Italy Tense As 2 Days of Votes Begin

ROME - An estimated 9 million Italians began two days of voting Sunday in local elections

that could influence the makeup of Italy's new national government. The balloting, involving about one quarter of the electorate, was taking place in the tense atmosphere of a renewed terrorist offensive by the leftist Red Brigades

Results of the balloting to be announced after the polls close Monday afternoon, will determine the makeup of a new regional assembly in Sicily, two provincial councils and 193 municipal coun-The voting came as Premier-des-

the small Republican Party, was in the final stages of forming a new Cabinet that would be the first national government not headed by the Christian Democratic Party Mr. Spadolini has said he hopes to complete formation of the government by the end of the week. It

ignate Giovanni Spadolini, head of

is to be a five-party coalition similar in makeup to the outgoing government of Christian Democrat Arnaldo Forlani, whose coalition collapsed May 26 over a scandal involving a secret Masonic lodge. Politicians have said results of the voting could help Mr. Spadoli-

ni decide on the allocation of Cabinet posts, especially if the Christian Democrats show sharp losses in the balloting
Mr. Spadolini has pledged that
his government would root out corruption from the national ad-

ministration, institute new eco-

nomic policies to control inflation out terrorism. That issue became prominent in the campaign Friday when the Red Brigades carried out four shootings in Rome. Six to eight Red Brigades gunmen ambushed and killed a Rome deputy police chief, Sebasti-ano Vinci, 44. In the other attacks, a lawyer and publishing company

employee were wounded and a po-

lice car was fired on at a road-

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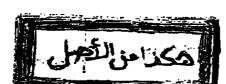
Page 6 International Bond Prices - Week of June 18 Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston RECENT ISSUES STRAIGHT BONDS All Currencies Except DM

All of these Securities have been sold. This announcement appears as a matter of record only.

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Visa Weaves a Web of Financial Services

New York Times Service
NEW YORK — In the beginning was the committee. At its head was a banker, and although no college diploma graced his office wall, he had something better: A grasp of the wonders contained in a sliver

Credit. Traveler's checks. Debit cards. Travel and expense. Money market funds. Any exchange of value, no matter what. And as fast as you can say electronic funds transfer, Dee Ward Hock, now chief executive of Visa International, is off concocting some new use for the blue and white card

"It started out as a little credit card, which was the stupidest marketing mis-take in history," said Mr. Hock. "Visa is a device for the exchange of value." In short, it's the next thing to money.

Now Mr. Hock thinks he is on to something even bigger. Mr. Hock's constituency, the 14,000 banks that belong to Visa, are sorely pressed by regulations and competitors such as money market funds that offer higher yields. At the same time, Americans are knee-deep in credit cards, and banks and card companies are looking for new ways to attract increasingly sophisticated consumers.

The challenge for the banks is how to thrive in this competitive market, and Mr. Hock thinks he knows. His plan is to develop a premium card - which will offer its holder no set spending limit and re-volving credit and will compete with the American Express gold card — and a

money market fund for member banks, and to push expansion overseas.

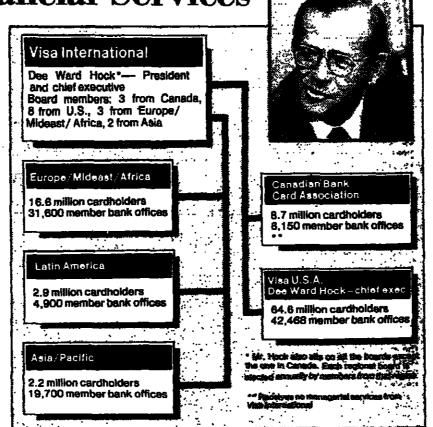
"Banking is like a walled city," said Mr. Hock. To some degree, the regulations are largely for their own protection, but the regulations can lock you in as well as lock others out."

Unlike American Express, Visa and its other competitor, Interbank's Mastercard, do not issue cards directly, but through member banks. Many of the banks that control Visa consider it a service organization. Visa International makes little money and offers Mr. Hock no equity. Physically it consists of little more than three computer centers (with two more on the way), thousands of leased phone lines, and a few offices.

But Mr. Hock's vision is considerably more cosmic: "It's the first truly transnational corporation. It's a worldwide consumer payment system, including, but not limited to, credit cards."

From humble beginnings in 1968 (it name was changed from "BankAmeri-card" in 1974), Visa now has more card holders at home and abroad than any of its competitors — 30.4 million Visa holders abroad and 64.4 million domestically. It has developed credit card services and moved into debit cards — which give access to checking accounts — and traveler's

Most of Mr. Hock's recent programs are aimed at markets that have been held (Continued on Page 11, Col. 5)



Visa International's Dee Ward Hock surveys a growing empire.

Apple Computer: Bruised But Rosy Future Remains

By James L. Rowe Jr.

NEW YORK -- For a while, it seemed, the shine was gone from the Apple.

But Apple Computer Inc., one of the darlings of Wall Street late last year, seems to have left behind the manufacturing problems it faced with its new Apple III personal computer.

The four-year-old personal computer maker, which claims its corporate mission is to bring the benefits of computer technology to individuals, has realigned its top management and is poised for a two-year period of explosive growth.

Rosy Propects Seen

Apple "went public" last December, selling 4.6 million shares of itself at \$22 a share at a time when stocks of small technology companies (such as the genetic engineering

The price soared to \$36 before the Apple III problems became known and the price fell back to the \$22 range by March.

Since then investors have bid the stock back to the \$32 range even though an additional 2.6 million shares were released to the public last month at \$31.25 a share.

Apple's prospects, according to analyst Don F. Sinsabaugh of Gruntal & Co., are rosy. He said company sales should skyrocket from \$118 million last year (Apple's accounting year ends on Sept. 30) to \$380 million last year ends on Sept. lion this year and \$750 million next year. In forming by two college dropouts, Stephen G.

1 He Apple III is a larger, more versame software available.

Software available.

Even though the Apple III has three times have an Apple to use at home.

Wozniak and Steven P. Jobs, the company had sales of less than \$2 million.

Such spectacular growth often has been the downfall of companies - and may yet be for Apple — but analysts say that so far the company has managed its growth well. Apple has eash in the bank (\$76 million) and the ability to sell more stock (the company realized no income from last months' sale; it was an offering of stock owned by employes and early investors).

As well, Apple is a computer assembler. As a result, even during periods of rapid ex-pansion, it has to invest little in manufacturing equipment and thus has no need to make expensive capital investments.

Furthermore, it can add capacity and workers in small increments, which it has been doing at a rapid pace. A year ago it had 500 employees. Today it has close to 1,700 according to company spokesman Fred Hoar. It has assembly plants in northem and southern California.

Last summer it opened a plant in a Dallas suburb and last October began making Apple II in Cork, Ireland, for the Enropean market. Next month the company will open

a facility in Singapore Apple shipped 79,000 computers last year, according to Mr. Sinsabaugh. This year, he estimates, Apple will sell 200,000 Apple IIs and 15,000 to 20,000 of its more powerful, no-longer-problem-plagued Apple IIIs. Next year, he said, the company should sell about 220,000 Apple IIs and 110,000

Apple IIIs.

was long-awaited by computer users and investors alike. But the earliest versions shipped late last year were full of minor, but annoying technical problems.

The cables to the keyboard were too short. Some of the little circuit chips did not fit securely in their sockets. About 20 per-cent of the machines had their chips fall out during shipment and would not work. About 1,000 of the new machines were

hipped.
When the problems became apparent, the company stopped shipping for several months, but resumed in April So far, Mr. Hoar said, about 5,000 Apple IIIs have been sent to dealers in the United States.

Softwire Delays

Because of the delays in the Apple III — the computer is about six months behind schedule — the software that permits the computer to do specialized tasks, from analyzing stock portfolios to keeping track of inventories, is also waiting to be developed.

The major software packages — such as those that permit the computer to do word processing or text editing — have been developed by Apple itself. Mr. Hoar said the initial Apple IIIs are being shipped with more software than the early Apple IIs. But the smaller companies that make special programming packages compatible with Apple III (or any other computer) have been

"The problems with Apple III probably stimulated demand for the Apple II," said an analyst. The Apple II has been around for about four years, and there is a plethora of

the memory and twice the column widths of the Apple II, many purchasers will stick with the smaller version because of the availability of software. Others will stick with Apple II because the typical purchase price is about \$2,500 compared with \$4,500 for an Apple IIL

Apple and Radio Shack (a subsidiary of the Tandy Corp.) are the two major factors in the personal computer market, according to Mr. Sinsabaugh. Apple has about 20 percent of the market and Radio Shack between 20 and 25 percent. Commodore International is a close third behind Apple. The rest is divided among a number of smaller companies such as Vector Graphics, Cromemco Inc. and North Star Computers.

Giants Eye Field

Xerox Corp. has just announced a line of personal computers, and International Business Machines, the computer giant, is expected to come out with a personal computsoon. Apple is counting on Xerox and IBM eating into the market share owned by smaller companies, rather than into its

"Apple and Tandy are in good stead," Sinsabaugh said. "There's a population of machines already out there, and that's important. Furthermore, there's a diverse amount of software. The applications run to everyone's job description.

Personal computer makers are counting on a demand that continues to grow sharply among the millions of small businesses and office workers that process information in one way or another. Despite the tag "per-sonal computer," few but the wealthiest

U.S. Corporations Scrambling To Make the Most of Oil Glut

By Robert D. Hershey Jr. New York Times Service

WASHINGTON - Oil Glut! What once seemed as unlikely as \$850 an ounce gold or an 18 per-cent Treasury bill is here. Suddenly, oil is so plentiful that prices are falling by amounts that impress even big-time corporate decision

U.S. businesses, which for a decade have seen nothing but oil tak-ing an ever larger bite of their operating dollar, are calculating what they can do to capitalize on the oil price drop. While most such adjustments are quick and modest. some companies are puzzling over how to factor the newly favorable oil situation into longer range plans as well.

To be sure, the dominant mood remains one of great caution. After all, world energy consumers have watched for years as the price of oil raced from next to nothing to more than \$40 a barrel.

Oil or Natural Gas?

"The surplus could be with us a while," said James E. McNabb, an economist for Conoco, a major oil, natural gas and coal producer.
"But it should be viewed as a temporary phenomenon that could change overnight," he added. "In the world of corporate planning we're learning not to overreact to immediate situations.

At company after company, however, there is evidence that the glut and price break are influencing planning.

Take the case of John B. Walters, manager of the Firestone Tire & Rubber's largest plant. This week in Des Moines, he will sit down to study fresh Department of Energy figures dictating what he must pay for natural gas. He will probably conclude that the plant should switch in July to burning oil instead. The heavy No. 6 oil his plant is also equipped to use has tumbled in price recently, wiping out what was once a large advan-

"We have to look at the eco-nomics of it," he added. "If oil is cheaper, we'll use it — and it cer-tainly looks that way."

For the first time in many years U.S. corporate strategists do not have to automatically assume that oil prices will be rising by at least the inflation rate and probably by much more. Already some serious students of energy are arguing that no price increase exceeding the inflation rate is likely during the next two years.

(The main beneficiary of falling prices so far has been the United States since oil is priced in dollars and the dollar has been very strong against most other currencies. Thus, according to Jacques R. Maroni, director of energy planning for Ford Motor, Western Europeans think prices are still rising and therefore buying less gaso

But though the profitability of many fuel-sensitive industries airlines, utilities, metals and paper - is significantly enhanced by the current decline in oil prices, interviews with business planners show them to be profoundly skeptical that a new era has arrived.

The reluctance of corporate planners to embrace the notion of stable oil prices indefinitely owes much to the severity of the jolts of the 1970s and the fact that while the narrow economics of oil may have changed for the better, the politics of the situation has not. The Middle East, dominant supplier to Western Europe and a major source for the United States, remains as unstable as ever. "The biggest effect of the oil

surplus on us so far is that we're guessing this element of costs will go up at a lower rate than we were previously forecasting," said Da-vid K. Barnes, a senior vice presi-dent of E.I. du Pont de Nemours & Co. He doubts that companies can yet safely shift their long-range view of energy prices and supplies. "It's just a moderation of the cost and not an opportunity for strategic change.

Du Pont, which relies on oil and natural gas as a feedstock in 70 percent of its products, will continue to push its program to use more coal as a plant power source.

Changed Perception

According to Mr. Maroni, the facts about oil have not changed, simply the perception of them. There was no shortage, there is

no glut," he said. Supplies, in other words, have moved from below ground in the oil fields to oil-company storage tanks. "What we now have is a gradual

settling back down [of prices] so oil does not lose its markets," he continued. During the next few years "you're going to find a gen-erously supplied oil market at a price which will not rise in real terms." In fact, because of the availability of alternative fuels he said there is "no reason" why the price of gasoline should ever rise above \$2 a gallon after adjusting for future inflation.

The Department of Energy, meanwhile, has made no change in the basic assumption it has used for the past two years that oil prices will show annual real price increases of about 3 percent during the 1980s and 1990s.

'Natural Reaction'

But, according to Roger F. Naill, associate director for energy analysis, this may now not apply over the next two years or so. What's happening now, he said, "seems a natural reaction to the big price spurt we had in 1979. Company officials point out that it takes time for the declines in OPEC and other oil prices to flow through to individual businesses, many of which also use large amounts of increasingly ex-

pensive natural gas.
Unlike oil, which in January was freed of United States price controls, a move that itself may have contributed to the current price decline by inducing more conservation, natural gas is to rise steadily

by statute until at least 1985.

Although U.S. companies are not rushing to revise long-term plans, some are being forced to react quickly to lower oil prices right

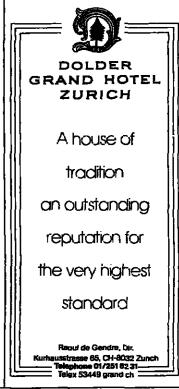
Gas Industries Worries

Perhaps the most threatened are natural gas pipelines, which are al-ready losing business from such people as Mr. Walters and are in danger of losing lots more.

"The oil jobbers have been able to come in and undercut the price," complained Kenneth W. Thompson, a vice president of the Interstate Natural Gas Association, a trade group. One constituent, he said, has lost seven industrial customers in recent weeks after they found cheap residual oil "dumped" by refiners to fire their plants instead. "When they've got a glut of No

6 oil they have to get rid of it." Mr. Thompson said. "The people they market it to are our marginal users. This is something we are very concerned about in terms of the future of our industry.' Some planners say that synthet-

ic fuels projects may also prove to be casualties of the current oil market.



Calm Prevails in Face of Leap in U.S. Rates

By Carl Gewirtz

al Herald Tribune PARIS - An inexpected spurt in overnight money costs in New York last week to as high as 30 percent sent a shudder through U.S. credit markets, but the Eurobond market - to the amazement of traders and underwriters - never lost its composure.

By late Friday, even New York had regained its confidence as the cost of federal funds dropped to 18½ percent and the Federal Reserve reported a very modest \$500million rise in the M1-B measure of the money supply. Many analysts had feared that the midweek rise in the fed funds rate presaged a report of a massive increase in

the money supply.

Despite this positive late-week news, there is still considerable uncertainty about whether short-term rates are poised to drop sharply, as many traders believe. For this week at least that remains unlikely with end-quarter "window dressing" expected to keep corporate demand for short-term funds quite

high.
The pressure on the funds rate," reports Salomon Brothers economist Henry Kaufman, "is, to a greater extent, a reflection of the strong demand for money, especially in the banking system and in the credit markets, as well as the reduced provision of reserves by the Fed. The central bank is apparently taking little comfort from the

Another cause to be suspicious about talk of an imminent break in interest rates is the sudden rush by soon as they could be sold with a coupon of 13 percent.

EUROBONDS

in the meantime, a significant number of borrowers has decided not to wait. The disturbing question is why they come to market paying coupons of 14 to 15 percent instead of awaiting the "imminent" break in rates? Either they are so pressed for cash that they cannot wait or they do not believe bond rates will drop very far.

It might be argued that the World Bank, which is raising \$400 million in the Eurobond market, has too constant a need for funds to be absent for long from the bond market. But what about In-ternational Business Machines, which has slated a \$250-million issue in the New York market this week after having just sold \$100 million of three-year notes bearing 14% percent in this market? The implication of its making one of its general syndication. rare appearances in the bond mar-ket now is that its financial officers do not believe all the talk about a drop in rates.

A.F. S.F. 4311 127.81

Investors, on the other hand, have decided that coupons of 14 to 15 percent are what they want. Bankers attribute the Eurobond market's good performance last week to the sharp rise in "retail" buying which cannot be turned on or off at the same speed as "institutional" clients. It was the pre-

contraction of key monetary aggregates during May."

CURRENCY RATES

Interbank exchange rates for June 19, 1981, excluding bank service charges.

borrowers to issue bonds. A month ago, investment bankers were reporting a massive buildup of new mous decision to sit back while the issues that would be lanuched as dust settled that accounted for the upset in that market last week,

In Europe, bankers report that the Swiss banks are buying in force — a sure sign that individuals are once again back in the market. In addition, Mideast investors are

While the World Bank issue is the largest single deal to hit the

market this year, the amount is less daunting than would seem (in fact, it is widely expected that the size of the issue will be increased to \$500 million) as more than a third of it has been placed with Arab investors. Saudi Arabia's Monetary Agency is reportedly taking 10 percent of the issue and other big chunks are being placed in Kuwait and the other Gulf states.

This is especially good news, as (Continued on Page 9, Col. 1)

Mexico Presses Borrowing Despite Fight With Banks

By Carl Gewirtz International Herald Tribune

PARIS - Undeterred by its continuing dispute with banks over terms on three recent Euroloans, Mexico is maintaining its pace as the biggest single borrower on the Euromarket so far this year with an eight-year loan for the United Mexican States now moving into The UMS operation is starting

life as a \$600-million transaction, **SYNDICATED** LOANS

but managers do not rule out the possibility of increasing it to \$750 million if the response from the general market warrants it. Leaders are offered the choice of pricing the loan over the London interbank offered rate — a split % points over Libor for the first four years rising to a halfpoint in the final four years — or over the prime rate, with that margin set at a split 4- % percent. Still to be negotiated is the alter-

nate base measure to be used if lenders find that the prime rate

does not adequately reflect their own cost of money. Negotiations on that point may be particularly sticky as that is the issue holding up completion of three syndicated credits totaling almost \$2 billion.

The loans for Banobras, the state public works bank, as well as for Banco Nacional de Comercio Exterior and Banca Somex were enthusiastically received when launched last month not only because Mexico is considered a good credit but because any loan priced over the prime rate is certain of

The \$1-billion, six-year loan for Banobras was taken up by 113 banks, of which some 80 percent are located in the United States. The loan for BNCE, which started out at \$350 million, (mished at \$550 million while Banca Somex was able to increase its loan to \$400 million.

Loans priced over the prime rate of U.S. banks are popular with lenders because the prime is a "retail" rate which includes a profit for the banks. Libor, by contrast, is a market rate which for many banks represents their own cost of borrowing money. The margin over Libor may be all some lenders earn on loans whereas the margin

(Continued on Page 9, Col. 1)

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Empresa Nacional del Uranio S.A.

US\$ 110,000,000

Medium-Term Loan

Lead-Managed by Crédit Lyonnais

The Bank of Tokyo, Ltd. Sucursal en Espana

Managed by

Banco de Bilbao, S.A. Banque de l'Indochine et de Suez Banque de la Société Financière Européenne - SFÉ Group Banco Hispano Americano, Sucursal en Paris Banque de l'Union Européenne Caja de Ahorros de Zaragoza, Aragon y Rioja (CAZAR BANK)

Co-Managed by

Banque Rothschild

Banque Nationale de Paris

Crédit Commercial de France Dai-Ichi Kangyo Bank Nederland N.V. Nippon European Bank S.A.

Provided by

Banque Nationale de Paris (Madrid) Crédit Lyonnais The Bank of Tokyb, Ltd., Súcursal en España Banco de Bilbao, S.A.
Banque de l'Indochine et de Suez Banque de la Société Financière Européenne - SFE Group Banco Hispano Americano. Sucursal en Paris
Banque de l'Union Européenne Caja de Ahorros de Zaragoza, Aragon y Rioja (CAZAR BANK) Banque Rothschild Crédit Commercial de France
Dai-Ichi Kangyo Bank Nederland N.V. Banco Internacional de Cornercio, S.A.

Crédit Lyonnais

Agent



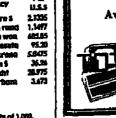
May 1981

F.F. N.L. Gldr. 2.F. S.F. 44.38 ° 0.2256 — 4311 ° 127.81 ° 127.81 ° 14.76 ° 4.101 ° 127.81 ° 14.76 ° 4.102 ° 14.80 ° 2.001 × 87.95 ° 4.112 ° 114.60 ° 11.1810 ° 2.44.20 ° 5.220 ° 76.72 ° 4.075 ° 200.20 ° 4.776 ° 3.045 ° 572.31 ° 1.077 ° 4.001 × 715.20 ° 14.526 ° 274.92 ° 14.626 ° 714.92 ° 7 E D.M.
5.22 111.245*
74.74 16.35
4.945
4.945
9753 4.8218
1.237 239.37
9887 \$7.5000 2,215,50 1,9753 11,237 40667 0,5382 **Dollar Values**

Per U.S.s

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O.8915 S. Kornon won
O.8915 Sunnish pession
O.1991 Sunnish pession
Tallium S
Tallium S
O.2723 U.A.E. dirtom isroeli shekal 11.455
Josephia von 223.575
Kowalii disor 9.2005
Malay. ringeli 9.332
serw. krose 5,5975
Phil. pesa 7,977
Port. escode 51.146
Smid rivel 1,678
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158.61 0.1334 76.18* N.A.*

CONVERTIBLE BONDS

International Bond Prices - Week of June 18

hese Notes having been sold, this announcement appears as a matter of record only.

May 1981



A/S EKSPORTFINANS

(Forretningsbankenes Finansierings- og Eksportkredittinstitutt)

NOK 100,000,000

111/4 % Notes due 1986

Bergen Bank A/S

Amro International Limited
Christiania Bank og Kreditkasse
Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft
Kredietbank S.A. Luxembourgeoise

Berliner Handels- und Frankfurter Bank Citicorp International Bank Limited Den norske Creditbank Hambros Bank Limited Manufacturers Hanover Limited

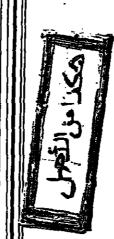
Alahli Bank of Kuwait K.S.C.	Algemene Bank N	lederland N.V.	Astaire & Compar	ny Limited	Banca Commerciale Italia
Bank of America International Limited	Bank Brussel I	Lambert N.V.	Bank Mees & H	ope NV	Bank of Tokyo Internation Limited
Banque de l'Indochine et de Suez	Banq	ue Générale du Luxemb	mbourg S.A. Banque i		emationale à Luxembourg S
Banque Nationale de Paris	Banq	ue Scandinave on Suiss	e Bayertsch		typoteken- und Wechsel-Ba Aktiengesellschaft
Bayerische Landesbank Girozent		ische Vereinsbank tiengesellschaft	Bear, St	eams & Co.	Bendernes Bank A
Joh. Berenberg, Gossler & Co.	Chase Manhattan Limited		enk International Proup	Clariden Bank	c Commerzbani Aktiengesellsch
Copenhagen Handelsbank A/S	. Crédit Commer	cial de France	Crédit Industriel	et Commercial	Daiwa Europe Limi
Den Danske Bank	Den Danske Provinsba	nk A/S	DG Ban Deutsche Genosser		Drescher Ban Aktiengeselisch
European Banking Company Limited		Forretningsbanken A/	S	Genos	senschaftliche Zentralbank Vienna
Birozentrale und Benk der Östern Aktiengeselisc		Goldman Sachs Int	ernational Corp.	Götabanken	Greenshields Incorpora
Handelsbank N.W. (Overseas) Limited	Hessische L Garozer		Kansallis-Osake	-Pankki	Kleinwort, Benson Lim
Kuhn Loeb Lehman Brothers Inter	national, Inc.	Kuwait Internation	al Investment Co. s.a.	k.	Kuwait Investment Compa (S.A.K.)
derrill Lynch International & Co.	' Samuel Mor Limi		Morgan Guaranty	, Ltd.	Morgan Stanley Internatio
tomura International Limited	Norddeutsche Girozer			Volksbanken AG albank	Nordfinenz-Be Zürich
lordic Bank Limited O	rion Bank Limited	PKB Investments Limited	Rogalandsbani	ken A/S S	Salomon Brothers Internatio
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ociété Générale de Banque S.A.	Sparebar	nken Osio Akershus	Sparba	nkemas Bank	Sparekassen S
Standard Chartered Merchant Bar Limited	k Strauss,	Tumbuli & Co.	Sunnmersbar	iken A/S	Svenska Handelsbank

Dean Witter Reynolds Overseas Ltd.

- HIGHEST CURRENT YIELDS -On convertibles having a conversion premium of less than 10%. 157.56 Explanation of Symbols -

All of these securities having been sold, this announcement appears as a matter of record only.

<u>new issue</u>



June, 1981



\$75,000,000

16% Notes Due 1991

Lazard Frères & Co.

The First Boston Corporation Goldman, Sachs & Co. Merrill Lynch White Weld Capital Markets Group Salomon Brothers Warburg Paribas Becker Bache Halsey Stuart Shields Bear, Stearns & Co. Blyth Eastman Paine Webber Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham Lambert E. F. Hutton & Company Inc. Kidder, Peabody & Co. L. F. Rothschild, Unterberg, Towbin Smith Barney, Harris Upham & Co. Shearson Loeb Rhoades Inc. Wertheim & Co., Inc. Dean Witter Reynolds Inc. A.E. Ames & Co. Dominion Securities Inc. Oppenheimer & Co., Inc. **ABD Securities Corporation** Arahold and S. Bleichroeder, Inc. Atlantic Capital **Basle Securities Corporation** Alex. Brown & Sons Daiwa Securities America Inc. F. Eberstadt & Co., Inc. A. G. Edwards & Sons, Inc. **EuroPartners Securities Corporation** Robert Fleming Kleinwort, Benson Moseley, Hallgarten, Estabrook & Weeden Inc. New Court Securities Corporation The Nikko Securities Co. Nomura Securities International, Inc. Wm. E. Pollock & Co., Inc. Thomson McKinnon Securities Inc. Tucker, Anthony & R. L. Day, Inc. Wood Gundy Incorporated Yamaichi International (America), Inc.

PEKING - China has quietly become the United States' fourth-largest customer of food and other agricultural commodities, with an estimated 12 million acres of American farmland now planted annually to grow crops bound for China, according to U.S. agriculture officials.

U.S. exports of food grains and fiber to China rose to more than \$2 billion last year from \$64 million in 1977. Sales this year are expected to exceed \$2.5 billion. Wheat accounted for roughly half the total last year.

Under an agreement signed last October, the Chinese have agreed to buy a minimum of 6 million tons of wheat annually

China buys all of its U.S. grain on the open market without Washington's participation, an agricultural official at the U.S. embassy here said. But under the October grain agreement, Peking has promised to consult with the US. Department of Agriculture if its grain buying exceeds 9 million tons annually.

Conoco Report of Merger Talks Ignites Intensive Speculation

New York Times Service
NEW YORK — Conoco, the
ninth-largest U.S. oil company, has disclosed that it rejected a proposal by an unnamed "major foreign corporation" to buy about a quarter of its stock for as much as \$2 billion.

In a statement late Friday, the oil company, based in Stamford, Conn., said that its directors had decided to turn down the offer, which was presented in two forms, after "extensive consideration."

Moreover, Conoco said that it was currently engaged in preliminary merger discussions with a ma-

were tight-lipped about the internal developments that were merely hinted at in Friday's disclosure. In addition, the announcement set off rumors both on Wall Street and in Canada as to the possible identity of Conoco's mysterious foreign

An arbitrager in New York, who is following the Conoco developments, speculated that the rejected offer was "probably from a Canadian company." But he added: We'll just have to wait and see. Further details should come out fairly soon, especially if Conoco goes ahead with this other merger that it mentioned."

Specifically, the Conoco announcement said that a subsidiary of a major foreign corporation had proposed to either "purchase from Conoco directly 15.9 million of its common shares at \$75 a share and purchase an additional 9.6 million of Conoco's stock in the open market or purchase from Conoco directly 28.6 million shares at \$70 a

A few of the rumored parties denied that they had made the spurned offer, while those close to the negotiations would not say anything. For example, Conoco earlier this month sold its 53 percent interest in a Canadian oil

a complex deal valued at \$1.68 bil-

Thus, both in Calgary and in New York financial circles, the early rumors were that Dome might be the anonymous foreign company whose offer had been rejected by Conoco. But when asked about the rumor, a senior executive at Dome headquarters replied, "It's not us."

Conoco's investment banker is known as one of the more aggressive and adept of major investment

company, the Hudson's Bay Oil & bankers in negotiating mergers Gas Co., to a Calgary, Alberta, and acquisitions. Reached at concern, Dome Petroleum Ltd. in home, Robert F. Greenhill, a manhome, Robert F. Greenhill, a managing director of Morgan Stanley. said, "I just can't comment on the deal, either the rejected offer or the

current negotiations." in Stamford, Conn., a spokesman for Conoco only added, "We're not saying anything."

Conoco's statement noted that the foreign company had proposed that if Conoco would accept either option, the foreign buyer would agree for 15 years not to purchase Morgan Stanley & Co., which is any additional shares if that would give it more than 25 percent of Conoco's voting securities. At

common shares outstanding.

Furthermore, if Conoco accepted either offer, the foreign company would have agreed not to otherwise seek control of Conoco for 15 years, either alone or with another company, according to the Conoco

A second rumor, besides the Dome speculation, was that the foreign company that had offered to buy into Conoco was a subsidary of Brascan Ltd. of Toronto. which has been an aggressive acquirer in recent months and is known to be looking for further purchases.

Calm Prevails in Face of Sharp Climb in U.S. Rates

(Continued from Page 7) ensures that the issue will be priced realistically in light of existng conditions. Bankers report that Mideast investors were assured of a return that would equal 75 basis noints (three-quarters of a percentage point) over comparably dated U.S. Treasury paper. This return will be achieved by pricing the issue at 40 basis points over the Tbill rate and making up the re-mainder through the 1% percent commission the World Bank is

As of Friday, the coupon on the five-year issue was expected to remain at the indicated 14% percent and the issue price was expected to be set at 98%.

Pacific Lighting International is raising \$50 million in an eight-year issue which is expected to carry a coupon of 15% percent. The bond us guaranteed by one of the parent U.S. company's two operating subsidiaries, Pacific Lighting Gas Supply Co. The issue, which will be priced Monday, is redeemable after July 1, 1986 at a premium of 1011. The bonds were trading on a when-issued basis of 1% points be-

company of the French cement group, is raising \$40 million. The minimal maturity — seven years.

Southern California Edison sold unusual maturity — seven years and nine months — is dictated by the terms of the foreign exchange swap agreement the company negotiated eliminating the risk in this foreign currency borrowing. The proceeds will be used in part to finance a capital increase of its Canadian holding. A semiannual coupon of 15½ percent will be paid, equal to an annual rate of 16.1 percent on an AIBD basis.

The issue is not callable and a sinking fund will reduce the average life of the loan to 5.49 years.

The issues priced last week all slipped to discounts in the secondary market, but that was to be exected in light of the updrift in

The province of Quebec sold \$75 million of its \$100 million issue at 99 bearing a coupon of 14% percent to yield 15.05 percent, but the paper ended the week quoted at 97% for a yield of 15% percent. The remaining \$25 million can be sold until Sept. 30, bearing the same coupon, at whatever price market conditions warrant. Inves-

Floating-Rate Sector

of 1546 percent. The Nordic Investment Bank made a private placement of \$20 million of nine-year bonds priced at par and bearing a semi-annual

In the floating-rate sector, National Westminster Bank is raising \$125 million through 10-year note

Mexico Maintains Heavy Borrowing Pace

(Continued from Page 7) over the prime rate is usually gra-

This is protected by what has become a standard clause in loan contracts that switches the base rate to an alternate measure — the rate paid on 90-day certificates of deposit adjusted for the cost of setting aside reserves - whenever that alternate, for a fixed period of time, is higher than the prime rate.

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In fact, one study shows that between January, 1979, and April, 1981, the alternate pricing frequently became operative.

Although the wording in the

mandate Banobras gave its bankers included the standard alternate formula. Banobras is now attempting to redefine the conditions under which the alternate formula becomes operative. For their part, bankers are furious at the attempt to renege on the terms already accepted by the borrower and, more generally, are unwilling to go along with a move that would further lower Mexico's cost of borrowing.

At first glance, Mexico charged a very fine rate. A split 1/4-½ point margin over Libor is what industrialized countries (Belgium, Greece, Spain and Portugal) pay. In fact, it pays much more han those countries because virtually all of Mexico's lenders opt for the prime-based pricing that works out to a significantly higher cost. Libor currently is 17 7/16 percent whereas the lowest prime rate is 19

make it a good creditor, but its heavy need for funds to finance its development weakens its bargaining power with the banks. At present, there is a standoff in the disent, there is a standor in the dis-pute as both sides dig in their heels. But bankers expect that Mexico's need for cash is greater than their need to lend. In addition, many bankers believe the brouhaha is simply posturing by officials in the run-up to this au-tumn's political assembly at which the ruling party will select its candidate for next year's presidential

Meanwhile, Pernex has had a tremendous success in rolling over its two-year \$2-billion bankers acceptance facility. Over \$4 billion has been spoken for and the only question remaining is how much of this Pemex chooses to take.

borrower, appears to be running and ECU, European currency into difficulties amid reports that units. it may seek to refinance part of the \$13.8 billion in principal and interest on foreign debt due this year. Yacimentos Petroliferos Fiscales, one of the nation's premier credits, asked banks for offers on a loan of up to \$150 million and extended the offer period by one week without awarding a mandate, fueling speculation it failed to receive proposais it found acceptable.

As banks await enactment of legislation permitting Venezuela to raise long-term funds internationally, a stream of one-year transactions continues to flow to the market. Corp. Venezolana de Fomento is seeking \$400 million, offering a margin of % point over Libor while Instituto Nacional de Obras Sanitarias is raising \$180 million at a spread of 9/16 point over Libor.

The difference in margins can be explained by the difference in commissions. Participation fees on the INOS transaction range from 0.03 to 0.15 percent while CVF's range from 0.08 to 0.20 percent.

Itaipu Binacional is in the market for \$300 million. Its eight-year loan is expected to carry the standard terms for Brazil, 21/2 point over Libor or 2 points over the prime rate.

In a cofinancing deal with the World Bank, Bogota Electric is these funds will be used to electric project for which the World Bank has approved loans

totaling \$360 million.

Pakistan is seeking a 15-month import financing facility of \$150 million at a cost of % point over

uestion remaining is how much of his Pemex chooses to take.

Argentina, another very heavy

In Europe, France is preparing a \$400-million operation for Credit National denominated in dollars

\$50 million of seven-year notes bearing a coupon of 14% percent. With market conditions deteriorating, managers Credit Suisse First Boston accelerated the issue, setting the terms at midweek instead of this coming Tuesday. The issue was priced at 9914 and ended the week at 981/2. The issue is reedemable at the company's option after July 1, 1985, at a premium of

General Motors Acceptance Corp.'s \$100-million, six-year notes, priced at par bearing a coupon of 14% percent ended the week at 98 for a yield of 15.28 per-cent while the EEC's 14%s of 1993 ended the week at 9714 for a yield

coupon of 14% percent.

Lafarge Coppee, the holding tors have the option of extending with interest set at a quarter-point

Italy remains a big taker of funds. Ferrovie dello Stato is seeking up to \$500 million for seven years, offering a half-point over Li-bor or a split ¼ (for two years)- ¾ point over the prime rate. Note-worthy about this transaction is the fact that the lead manager is Dillon Read, the investment bank. Commercial bank lenders usually resist participating in transactions put together by investment banks that do not commit their own money to deals.

IRI, the Italian state holding company, is arranging a \$200-million, eight-year "club" loan from a small group of banks paying a half-point over Libor throughout sweetened with a commitment fee of % percent.

Greece's Public Power Corp. has asked for bids on a loan totaling up to \$175 million and is expected to award a mandate later this week. The question here is how much of a % percent element PPC syndicate the central bank's 10year loan because it carried a low % point margin over Libor for the first five years.

In Africa, Morocco is in the market for \$250 million, paying 11/s points over Libor for the first six years and 14 points over for the

over the mean of the six-month bid-offer rate. A minimum coupon of 5% percent is guaranteed.

Zentralsparkasse und Kommer-zialbank of Vienna is raising \$30 million through a 10-year floatingrate note issue. The coupon will be set at a quarter-point over the London interbank offered rate with a minimum guaranteed coupon of 5% percent. In the convertible sector, Euro-

pean Banking Co. has put together an unusual transaction in which Blue Ridge Petroleum is seeking \$25 million in a five-year issue bearing a coupon of 4 percent. Payment of interest and principal is guaranteed by Amsterdam-Rot-terdam Bank. The funds will be

and development program. If this venture is successful, and the value of proven reserves exceeds \$25 million, the notes will be converted automatically into shares of Blue Ridge Hydrocarbons Corp., which will share in the income from the producing prop-erties with operator Dixie Oil Co.

used to finance a U.S. oil drilling

as well as participate with Dixie in other ventures. Tiger International, the U.S. air treight company, is raising \$30 million through a 15-year convertible managed by Goldman Sachs. The bond carries an indicated coupon of 104 percent, with the conversion premium over the stock price expected at 10-to-11 percent.

Final terms will be set June 30. Japan's Furukawa Electric Co. is raising \$50 million through a 15year convertible managed by Nomura International. The bond carries an indicated coupon of 6to-64 percent. Final terms will be set Thursday. The conversion premium is expected to be 5 percent above the six-day average of the closing share price. In Febru-ary, Furukawa issued £15 million of 8-percent, 15-year convertibles.

The coupon on the \$40-million, 15-year convertible for Japanese food manufacturer Ajinomoto was set last week at 54 percent. Lead manager Nikko Securities said this was below the indicated 6 percent due to the strong demand from institutional investors, who expect an increase in the stock price. The conversion price was set at 933 yen, representing a premium of 0.86 percent over the existing To-kyo stock exchange price of 925



OUR 35th YEAR

yen. The fixed exchange rate was set at 224.70 yen. The bonds were quoted at 103-104.

Apache International

The \$25-million convertible for Apache International Finance was ss well received. The 15-year issue, convertible into shares of Apache Corp., an oil and gas producer, was priced at par with a coupon of 9½ percent. The conversion price of \$23% represented a premium of 9.47 percent over the New York Stock Exchange quote. However, the bonds ended the

In the Deutsche mark sector, the 80 million DM issue for Girozentrale und Bank der Oesterreichischen Sparkassen was priced at 101 with a coupon of 10% percent to

The decline in the anticipated yield coincided with a drop in yields on domestic rates. Yields on federal promisary notes were cut to 101/2 from 10.88 percent last week. However, the DM market was quiet last week with trading

The third Euroven issue of the year is being offered by New Zea-land, which is seeking 15 billion yen in a 61/2-year transaction. The bullet issue carries an indicated coupon of 8½ percent and pricing

will be set Tuesday.

Lead manager Daiwa Securities said that Japanese Finance Ministry guidelines limit Euroyen issues to one per quarter. Daiwa said there are at least two other borrowers in the queue and indicated that the issuing pace for Euroyen bonds in the rest of this year is

In the domestic market, the European Investment Bank has sold billion yen of 12-year bonds bearing a coupon of 81/2 percent but sold at a discount of 99.45 to yield 8.76 percent.

20 million Unit of Account issue for Gasunie of the Netherlands. The seven-year issue is epxected to bear a coupon of 114 percent. Subscriptions are payable in DM, with 2.97579 DM equal to one

Eurobond Yields*

(U.S. Delfors)	• •
International institu-	
tions	14.21
	13,93
	14.83
Canadian dollars, medi-	
	1404

Unit of acc. long term 17.29 %
Calculated by Lutambourn Stock Exchange Market Turnover

Cedel Euroci.

yield 10.58 percent.

cut short by two holidays.

likely to be increased.

Still waiting to be priced is the

1000 5000 21	
International institu-	
tions	14.21 %
Industrials, long term	13.93 %
Industrials, medium term	14.83 %
Canadian dollars, medi-	
um term	14.84 %
	10000

Week Ended June 19

70tel Dollar Equivalent 3,416.5 2,717.8 698.7 6,151,8 5,827,5 324,3

NOTICE OF SPECIAL MEETING IN LIEU OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

FIDELITY AMERICAN ASSETS N.V.

Please take notice that a Special Meeting in lieu of the Annual General Meeting of Shareholders of Fidelity American Assets N.V. (the "Corporation") will take place at 3.00 p.m. at Schottegatweg Oost, Salinja, Curscao, Netherlands Antilles, on July 10, 1981. The following matters are on the agenda for this

 Election of eight Managing Directors. The Chairman proposes the re-election of the following eight existing Managing Directors: Edward C. Johnson 3d, William L. Byrnes, Lord James Crichton-Stuart, Charles A. Fraser, Hisath Kurokawa, John M.S. Patron, James E. Tonner, laduro & Curiel's Trust Company N.V.

 Approval of the Bahnce Sheet and Profit and Loss Statement for the fiscal year ended November 30, 1980. Ratification of actions taken by the Managing Directors since the last Annual General Meeting of Shareholders, including payment on February 25, 1981 of the interim dividend of \$0.50 per

share declared by the Managing Directors to shareholders of record on February 11, 1981. 5. Ratification of actions taken by the Investmen

Proposal, recommended by the Managemen amend Article 12 of the Fund's Articles of Incorporation, as approved by the Directors at their meeting of June 9, 1981, to give the Management of the Fund discretion as to whether Management of the Fund discretion as to whether to permit a U.S. Person to purchase shares of the Fund or to require a shareholder who becomes a U.S. Person thereupon to sell his shares to the Fund and further to give the Management of the Fund discretion as to whether to permit a person to purchase a number of shares of the Fund in excess of three percent of its authorised capital or to continue to hold shares in excess of such amount; in lieu of the present provisions of said Article which grant Management no discretion as to whether or not to enforce the terms of such provisions in any particular instance. provisions in any particular instance.

Proposal, recommended by the Management, to amend Article 13 of the Corporation's Articles of Incorporation to include as additional categories of U.S. Persons permitted to purchase shares of the Corporation the following, such categories to constitute additional clauses (iv) through (vii) of constitute ad said Article:

"(w) any officer or Director of any directly or Indirectly-owned subsidizry of any party (the 'Manager') with which the Corporation may have

concluded an investment management or advisory agreement or any officer or Director of any party which has concluded a subadvisory contract with the Manager, (v) any professional adviser to the Corporation or to any party referred to in clause (it) or (iv) above, (vi) any spouse, any lineal descendant or ancestor, or any sibling or lineal descendant of any sibling, of any individual referred to in any of clauses (iii), (iv) or (v) above, or (vii) any trust primarily for the benefit of any person referred to in any of clauses (iii) through (vi) above."
[Clause (iii) includes as permitted U.S. purchasers the officers or Directors of the Manager, any corporation which owns a majority of the Manager's voting securities and any subsidiary of such a corporation controlling the Manager. Such other business as may properly come before

Holders of registered shares may vote by proxy by mailing a form of proxy obtained from the Corporation's Principal Office in Pembroke, Bermada, from Fidelity International Management Limited in London, or from the Sanks listed below, to the Corporation at the

wing address:
Fidelity American Assets N.V. c/o Maduro & Curiel's Trust Company N.V., P.O. Box 305, Curacao, Netherlands Antilles

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained and filed in the manner described in the preceding sentence. Alternatively, holders of beater shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to An process can certainly to the process of the Corporation not later than 9.00 a.m. on July 10, 1981, in order to be used at the Meeting.

By Order of the Management Charles T.M. Collis

Fidelity International Management Limited Buckingham House, 62/63 Queen Street, London EC4R 1AD, England

The Bank of Bermuda Limited Kredictbank S.A. Luxembourgeoise 43, Boulevard Royal Luxembourg

FIDELITY AMERICAN ASSETS N.V. is a diversified Investment Company with the investment objective of seeking long term capital growth from a diversified Portfolio of American Equities.

The last quarterly reports showed the Fund's assets invested 59% Oilfield Services & Supplies, 10% Oil & Gas, 8% Restaurants, 6% Natural Gas & Liggin's Distribution, 5% Defence, 12% others.

the share price has risen 329% to \$42.93 at June 17, 1981.

The Fund was launched in October 1974 at \$10, is now valued at \$42m and

Copies of the latest quarterly and annual reports can be obtained from

Outerbridge Building. Hamilton, Bermuda Tel: (809) 295 0665 Telex: 0280 3318

Queensway House, Queen Street, St. Helier, Jersey, C.I. Tel: (0534) 71696 Telex: 4192260

Buckingham House, 62/63 Queen Street. London EC4R 1AD Tel: 01-248 4891 Telex: 8813900

This announcement appears as a matter of record only



The Federal Republic of Nigeria

US \$ 575,000,000

Facilities related to the Iron and Steel Complex at Ajaokuta

US \$ 348,000,000

medium term loan

Lead managed by Banque de Paris et des Pays-Ba Banque Nationale de Paris Barclays Bank S.A., Paris

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Partial assets of LA REDOUTE À ROUBAIX transferred to three of its subsidiaries;
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Approval of the proposal for the partial transfer of assets

Approval of the proposal of the alteration of the Company's activity

Decision on the method of

To permit the noteholders to attend or to be represented at this meeting, the notes or their diposit receipts, must be deposited at least live days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of twenty five percent of the distanding notes are present in person or represented. ng notes are present in person or represent

raising \$80 million for 10 years at a cost of % point over Libor. Most finance construction of a hydro-

> In Asia, the South Korean Exchange Bank is raising \$600 million for eight years at % point over Libor, the lowest rate yet charged a South Korean borrower and a sharp reversal of the uptrend that drove its borrowing costs to % point over Libor following last

year's political upheavals there.
From the Philippines, privately owned Atlas Consolidated Mining is seeking up to \$160 million for 10

LA REDOUTE À ROUBAIX

reporation organized under French Law (Società Anonyme)
Capital: French francs 46,289,450
Head Office: 57, rue de Blanchemaille, 59100 ROUBAIX (France)
Trade Register: R.C.S. BOUBAIX B 475 682 522 EXTRAORDINARY GENERAL MEETING OF THE NOTEHOLDERS 14%% 1980-1985

The holiars of international notes 144% 1960-1985 issued by LA REDOUJE À ROUBAIX who were called for June 18, 1961, being unable to meet validy for lack of quorum, the noteholders are again convened to an Extraordinar General Meeting, 57, rae de Blanchemaille, ROUBAIX (France), on June 30, 1981 at 11.30 a.m. in order to consider the same agenda as that for

the first meeting, that is: ication of the board of Directors relating to:

2. Ameniments of the arricles of association including manney the transfer of the head office, the alteration of the name and activity of the company as well as the change of the company into a "Société Arpayme" governed by the articles 118 to 150 of the French law of July 24, 1966 relating to Commercial Companies;

Powers to be conferred for the execution of the required formal-

THE BOARD OF DIRECTORS.

Criticism Builds Around Caterpillar

By Winston Williams

New York Times Service PEORIA. III. - It is the longest running most profitable act ever to play in Peoria, and it is used to pushing things around. Caterpillar Tractor Co., or Cat, as it is known from Wall Street to dusty construction sites, is the world's largest maker of giant earth-moving equipment and, among U.S. ex-

porters, second only to Boeing. Self-confident, inbred, tightlipped and conservative. Caterpillar has doggedly stuck to triedand-true basics in the manufacture and marketing of its bright yellow construction equipment, diesel engines and lift trucks. It has done so with considerable success: Caterpillar commands not only one-half the world market for construction equipment but also deep respect on Wall Street as a well-run if unglamorous company.

But the giant earth mover is suddealy receiving its first real criticism from the investment community in years. In part, that new skepticism centers on Caterpillar's aggressive decision to plunge deeper into the diesel engine business. But it also reflects troubling developments in Caterpillar's markets. Current sluggish demand in the construction industry, as well as new and rejuvenated foreign competition, threaten to slow its histor-

ically strong growth.

Last month Caterpillar startled Wall Street and some of its competitors when it agreed to pay \$505 million in cash for Solar Turbines International, a division of International Harvester, in effect helping to bail out Caterpillar's crip-pled rival. Solar. Harvester's most profitable operation, is a California-based maker of gas turbines and compressor sets that are selling like hot cakes in the oil and gas drilling industry.

High Price Tag

The price tag was what con-cerned analysts. What Caterpillar paid was more than the total market value of all of Harvester's common shares at the time of the deal and twice the book value of Solar

To add to Caterpillar's frustrations, while Lee L. Morgan, the company's urbane 61-year-old chairman, was negotiating the acquisition of Solar, some congressmen and administration officials were voicing "serious concern" over Caterpillar plans to sell to the Soviet Union 100 pipelaying ma-chines valued at \$40 million.

The threat to the deal comes at a time when the company's export business is feeling pressure from the strengthening dollar, which drives up the price of U.S. exports, and the Reagan administration's plan to sharply curtail funding for the Export-Import bank, which will restrict credit available to

a a 1-16 954

Soviet Trade Dates to 1920s

New York Times Service

PEORIA, Ill. - The latest controversy over Caterpillar's proposed sale of 100 pipelaying machines to the Soviet Union for \$40 million is but one in a series of on-again, off-again trade agree-

ments that go back to shortly after the Russian Revolution.

Caterpillar and the Soviet Union decided last year to ask for permission to export 200 of the machines to help build a natural gas pipeline from Siberia to Western Europe. When the pipeline plans failed to go anywhere, the Soviet Union still sought 100 machines for use on projects inside the Soviet Union.

"The perception around the world is that Caterpillar has the better pieces of equipment," said John McGinty, an analyst at First Boston. "They have a fantastic distribution network, and when the machines break down, they get them fixed better than

Caterpillar's first order from the Russians came in the 1920s for earth-moving equipment for the large state farms. During the '20s and "30s exports continued to trickle from Peoria until they were interrupted by World War II.

The Cold War cut off all trade between U.S. companies and the Soviet Union, but the thawing of relations and the advent of detente opened the Soviet market again to Catepillar in the early 1970s, though the Soviet business has never been very significant for Caterpillar, amounting to about \$50 million a year recently.

overseas buyers of Caterpillar

equipment.

"It's quite common for a company to react as they're doing," said Alexander Blanton, an analyst at Merrill Lynch, Pierce, Fenner & Smith. When you're generating more cash than you can use in your existing businesses, you either expand your product line or acquire something new." But Mr. Blanton did question, however, whether the purchase was the best use of Caterpillar's funds.

In addition, he warned of the pitfalls of entering a new area of business. "The risks always increase when companies go outside their areas of expertise," Mr. Blanton said, "They [Caterpillar] have expertise in desel engines but not in our test in deserver.

in gas turbines."

The generous premium that Caterpillar paid for Solar, which has a book value of \$240 million, has led to many theories in the investment community. One theory holds that the company showed its ignorance of the gas turbine business by making such a large offer and that such a move may be a harbinger of mistakes to come in an unfamiliar Another is that Caterpillar.

unafraid of Harvester's presence in the construction business, wanted to keep Harvester alive as a vexation for Deere & Co., which, in strong command of the troubled farm equipment business, has re-cently become the major domestic competitor of Caterpillar in the construction business. Last year, Deere's construction volume totaled \$981 million.

But Mr. Morgan said the purchase was based on strict financial considerations. "It's worth that much to us," he said during a rare interview at corporate headquarters. "We're talking about the difgoing concern and an accounting number called book value. It's like paying \$5 million for a Renoir. It's

what the market demands," he

For years, Caterpillar had been working on its own gas turbines and compressors, which are more suited to offshore drilling than diesel engines. But the company maintains that buying Solar's plants and expertise was a better way to get into the market.

It is all part of the company's new emphasis on engines and pow-er generation, currently about 25 percent of Caterpillar's revenues, which are expected to reach \$9 billion this year.

"The industrial engine business is strong all over the world," Mr. Morgan said. "It's growing much more rapidly than our other businesses. We want to grow as rapidly as we have in the past — about 16 percent to 17 percent in revenues and profits - and we'll be counting on the engine business for much of that growth." Some analysts warn that Cater-

pillar is headed down a perilous road, taking on such formidable adversaries as Cummins Engine and Detroit Diesel Allison, a subsidiary of General Motors, in the diesel business. Not everyone believes, however,

that buying Solar will turn out to be a mistake. Citing Caterpillar's efforts to build its own gas turbine-driven compressor set, Eli Lustgarten, an analyst at Paine Webber Mitchell Hutchins, said, They know a lot more about these products than people give them credit for." Most securities analysts do expect, however, that the acquisition will dilute earnings for the next few years.

With profits increasing at the ters. "We're talking about the dif-ference between the value of a 1971 and with nine dividend in-

creases in the same period, Caterpillar stock has been a favorite of bank trust departments. Currently institutions hold about 60 percent of the shares. Last week its shares commanded a price-earnings ratio of 11, a respectable multiple for an old-line manufacturing company.

In this year's first quarter, while construction was severely depressed in the United States and Western Europe, Caterpillar earned \$142.4 million on revenues of \$2.19 billion, down slightly from \$143.9 million a year earlier on revenues \$2.10 billion. For 1980, the company reported a 15 percent jump in profits to \$564.8 million on revenues of \$8.60 bil-

In order to keep its numbers at such respectable levels while most domestic vehicle makers linger at death's door, Caterpillar has always paid strict attention to the efways paid strict attention to the ci-ficiency of its plants, the products of its competitors and the strength of its dealer network. And the company insists that such practic-es serve it well during any softness

in the construction industry ahead. Since 1972, the company has spent \$3.3 billion to expand and modernize its facilities, increasing worldwide manufacturing space by 54 percent. Caterpillar contends that it could now expand its pro-duction by 25 percent without any new plant or equipment.

Wobbling Market

Much of the company's production capacity employs state-of-the-art technology, such as robots and automatic assembly lines, to cut down on pollution and to enhance productivity.

All the attention to low costs may be of limited value in a wobbling construction market, however. Sales have been down in the United States for several quarters, as a construction slump followed a maturing of demand for earthmoving equipment after the heyday of the interstate road-building program. That growth was re-placed largely by booming markets in the Middle East, Africa and Latin America.

Now even these markets may be ready to soften. "Because of high interest rates the whole general construction market is not expected to do that well in the 1980s."

ket is slowing down, foreign com-petitors are gaining muscle. Ko-matsu, the world's second-largest producer of earth movers, although commanding only 15 per-cent of the market, has adopted the slogan "Encircle Caterpillar." 1BH of West Germany has acquired Terex, also of West Germany and Fiat now owns Allis-Chalmers's tractor business.

NEW YORK (AP)-Weekly Over the Counter, stocks shring the high, low, and test bid arioes for the week with the net change from the previous week's tost bid prices. All qualations supplied by the National Association of Securities olled by the Notional Association or Securines. Deciers, Inc., are not octual transactions but are representative interdeder prices at which these securities could have been sold. Prices do not to-clude retail markow, mandawn or commission. Soles supplied by NASD.

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Mutual Funds

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June 1981

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Subbeti Subbet

Visa Takes Aim at American Express (Continued from Page 7) by American Express. Until recently, American Express issued traveler's checks and a travel and expense card with no set spending limits, while the bank cards were distinguished by revolving credit. Shearson Merger Now American Express has ac-

quired the brokerage firm Shear-Visa — which is not entirely coinson Loeb Rhoades, which gives it the potential to tie its card holders cidental. into money market funds. The merger did not settle well with Visa and Interbank member banks. Regulators have not allowed banks to offer money market funds, and American Express may now have an edge in compet-

ing with banks for deposits.

But Mr. Hock has been weaving a web of financial services to compete with American Express and, to a lesser degree, with Mastercard, which is second to Visa in card holders and has generally trailed Visa in offering new ser-vices, according to industry sourc-

es.
"James Robinson [chairman of American Express] is a man sitting on a three-legged stool," said Mr. Hock. "We're going after two of those legs." One is the travel and expense market and the other is the traveler's check business. Mr. Hock's critics and admirers

alike say that his success stems from a clear understanding of the possibilities that lie in electronic funds transfer. "With one piece of plastic you are doing more than of-fering credit," said Thomas Horan, a consultant with SRI International. "It's a link between a customer and the financial institution to offer all sorts of services."

What Mr. Hock has in mind is to link his member banks to con- own.

sumers all over the world who are willing, he said, "to pay a substan-tial price" to be able to use a card to exchange the value of anything,

from securities to creditworthiness, for something else.

Still, even the banks are wondering just what they and Mr. Hock have spawned. Some bankers are riled that often it is Mr. Hock, and not them, who seems to control

Earlier this year Mr. Hock he cut up the world into three regional boards in addition to the sepa-rate corporate entities of Visa USA and the Canadian Bank Card Association. Visa International's board has representatives from the regions, Canada and the United

Each board is free to develop its own operating regulations and to set and collect fees from member banks. Visa International receives its budget from the regional boards, which receive their income from fees paid by member banks.

Fees Based on Profit

If a board's revenues begin to generate a profit, service fees to the banks are lowered, an event that has occurred in the United States several times and pushed fees down to 0.1 percent of a mem-

ber's sales volume on the card. With his budget, Mr. Hock oversees operations from his San Francisco base. He is chief executive of both Visa International and Visa USA and sits on the regional

Ideally, Mr. Hock presents his new plans to his 20-member board for discussion and approval four times a year. But when he has an idea that he feels is just too good to wait, he can announce it on his

Mr. Hock's announcement of the money market fund might have waited, or might never have hap-pened, if American Express had not acquired Shearson Loeb

"We had considered the money market funds before," said Charles Russell, president of Visa USA. "But our decision to announce the program was fired by the Ameri-

can Express merger with Shear-Mr. Russell said the money market fund proposal received the most positive response of any of Mr. Hock's ideas. But some larger hanks were not so enthusiastic. "That's not what we want," said Richard Rosenberg, vice president of Wells fargo, a member bank. "Visa is diffusing our efforts to get fair treatment."

Visa started to issue traveler's checks in 1978 when American Express held 60 percent of the market, according to industry estimates. Mr. Hock said he airms for 40 percent of the market by 1984; at the end of 1980, Visa had an 8percent share. Mastercard's tra-veler's check only recently

appeared. "Visa's a potent competitor." said Michael Frinquelli, an analyst with Salomon Brothers. "Sure, American Express is reacting." But he added that while American Express has done an effective job of brand differentiation in its card.

Analysts said that American Express's hold on the travel and entertainment market is going to be harder to loosen. For years, American Express has been the pre-eminent card among businessmen. If Visa is to compete, it will have to offer not only a premium card but one backed with a package of ser-

THE BOARD OF DIRECTORS

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U.K. Study Forecasts Unemployment Rise

LONDON - Unemployment in Britain will go on rising until the year 2000 and there is no prospect of a substantial economic recovery until 1983, a group of British economists said Sunday.

The Cambridge Group, which provides detailed forecasts to in-25%—16 25%—16 11%+ 46 25%—16 17 25%—26 18%+ 46 26%—16 46 +4 hit 3.5 million by 1986 and climb to 4 million over the following dec-ade. The report said only 20 per cent of the work force would be employed in manufacturing by the year 2000, compared with 30 per-

Chinese Developing Large Field of Coal

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Option for feb. 52 stort on Aug. 3, 1981

United Press Int PEKING — China is developing a new field of high-quality coking coal in Shanxi Province expected to produce 16 million tons of coal, the magazine China Reconstructs said Saturday.

Chicago Exchange Options

ublished every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

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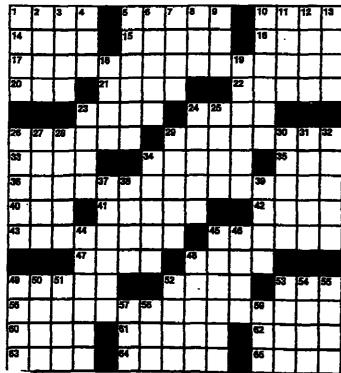
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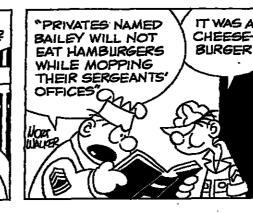












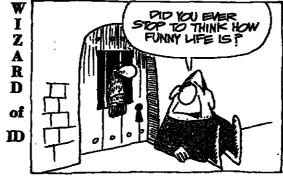




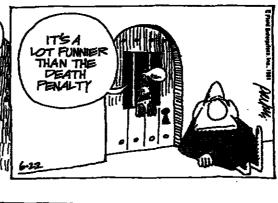




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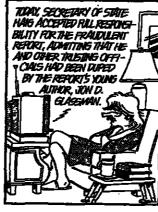












DENNIS THE MENACE



Ketcha



FIBTE ADECK PLARIL WHAT THE BALL-PLAYER DID AFTER HE BROKE UP WITH HIS GIRL FRIEND.

BOYDUL Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(Answers tomorrow Jumbles: CREEL OLDER SUPERB PUSHER How you might address a German barber— "HERR DRESSER"

> "Registered as a newspaper at the Post Office" "Printed in Great Britain"

'DID YOU KNOW MARGARETS GOT MAGIC GLASSES? SHE SAID SHE COULD SEE RIGHT THROUGH ME!

BOOKS

THE STOLEN JEW By Jay Neugeboren. 322 pages. \$14.95. Holt. Rinehart and Winston, 383 Madison Avenue. Reviewed by John Leonard

TOWARD the end of "The Stolen Jew," Nathan Malkin thinks about a novel he had written many years ago: "and where in his book — this book that others claimed to love - were the names of trees, and the passages of seasons and a feeling for what the villages and landscape truly looked like?"

Jay Nengeboren, the author of four other novels and a collection of short stories, is uncanny. I had just scrib-bled a note to myself: "The Stoken Jew" is an "in-doors" book, a novel written inside an apartment house, or on a bus, or in the cabin of a plane. The landscapes are historical (5,000 years of Jewish history), literary (Tolstoy and Isaac Babel) and interior (the family contracting on itself so that, like God, it creates life). Whether we are in Brooklyn, in Israel or in the Soviet Union, we are inside Nathan's head, which is furnished with ghosts for whom there is no season, nor is there any weather.

Almost any other writer so prodigal and ambitious would have devoted page after page to the neighborhood that had become a slum, the wildlife sanctuary in which a young woman is murdered by terrorists and the sullen city where tourists must communicate by Magic Slate for fear of electronic surveillance. When Nathan, however, sees the old women in white aprous and black boots cleaning the streets of Moscow, he thinks of his mother on her knees cleaning the kitchen floor in Brooklyn. A kind of claustrophobia prevails, and it is deliberate.

Everything important in "The Stolen Jew" happens inside — the licking of feet in the living room, the breaking of dishes in the kitchen, the conversation in a mental hospital, the Shabbos being celebrated by Russian Jews who hope to emigrate before the Moscow Olympics. It is as if the novel itself were contracting, down to a seed, and the seed is the word, and the word, like an extra eye, will burn its way to truth.

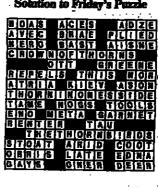
God the Storyteller

Nathan's father, a Russian Jewish emigrant who once had the makings of a scholar and a rabbi, is a failure in New York. Nathan's mother, who "degrades" his father, insists that the oldest child "must know everything" even if she is incapable of loving him; that is one of the things he knows. Nathan's younger brother, Nachman, will go mad, perhaps because he went "outside" and fell from a fire escape. Nathan, like his father, will tell stories: "God created the world because He loved stories." Unlike his father Nathan will make money, in ladies' garments. The money will pay for Nachman's various hospitalizations.

Like the book Nengeboren has written, the book Nathan writes is called

"The Stolen Jew." It is set in 19th century Russia. The son of a wealthy Jew is summoned for 25 years of service in the czar's army. The father arranges for another blue-eyed Jewish boy to be kidnapped and substituted for his

Solution to Friday's Puzzle



own boy. Father and son escape to United States. Vengeance follows As Neugeborea contracts his r

we begin to understand that Na has written — he has even pred - his own future, in terrible i cence. We read chapters of the nal "Stolen Jew" as Nathan it. emotional needs of what's left c family. Everything is twinned: si tutions, violins, mental hospitals cides, book burnings, dead some cissism, the lamp and the mine the literature is Jewish, it will to itself.

No-Frills Fiction

Thus Nathan, who has lost his and son and retired to israel, re to New York to mourn his brot suicide and to love his brother's He is haunted in New York, as he be in Moscow, by the characters i -> only book and the characters is only life. He will collect secrets, give them away. He will want to a different book in all seven roor the house of his childhood. We reading that compendium, and w made aware of its historical inacmade aware of its historical inaccies. One story contains all storie must hack our way through the bage to the heart. In this no frill tion, the deeper we go and the sa we get, the more fearful we become Naturally, the son of the mad is a psychiatrist who wants to

hero. Naturally, there are a clothes and much furniture conceal and contain. Naturally w asked at one and the same time t derstand the Torah and Willa Cr Tolstoy and Babel and baske. Naturally, art is a form of sterifrom God, whose magic we a Naturally, the word is a carpen-lie. Break the dishes and lick the lie.

In Moscow, on a fool's mu: equipped with nothing more magazi than forged drafts of his own L. Nathan will be dismissed — or haps, liberated — by everybod, has invented. It is as if history. pardoned him and he can stop ma jokes. The manuscript he brings from Moscow to New York is s thing he hasn't written. Is it an

The seed, the heart and the secreall as small as Cain and Abel. and Ishmael, Jacob and Esau, Jcand his brothers. How can we r bly love enough? Neugeboren written good novels before - I = of "Big Man" and "An Orpe" Tale" — but they did not prepar for this excellence, this landscar: angry beginnings.

'Druid' Priests **Greet Solstice**

LONDON — Thousands of personal common ded Stonehenge at dawn [1102] day to watch white-robed, neo-D priests welcome the summer sold with a Midsummer's Day rimal at 1 center of the two rings of giant ste in Salisbury Plain, about 60 miles: kilometers) from London.

Police gnarded the fence surror ing the neolithic site, which is 1 ain's most popular tourist attractation after the Tower of London. M spectators had waited through might for the ceremony. A rock if val in three nearby fields was attenby about 20,000 people.

The modern Druids claim

By Robert By:

nehenge is the ruin of a Draid tem

CHESS

THE problem peculiar to the strategy of playing to cramp the enemy position is that to make the advantage in space count, line-opening pawn exchanges are necessary, but these will often relieve the defender's difficulties. On the other hand, if one goes on crowding the opponent's formation without making a provision for open lines, there may come a point when he can block the struggle completely, transforming the superiority in space into a paper tiger.

The game that United States co-

champion Walter Browne won from R. Filguth, a Brazilian master, in the Colmeia International Tournament in Brasilia shows typical cramped position problems. It would have been more usual to

respond to 5 P-K3 by 5 ... P-Q4; 6 QN-Q2, B-K2; 7 P-QN4, 0-0; 8 B-N2, QN-Q2; 9 Q-R4, Q-B1. In the Gheoriu-Rajkovic game, Lone Pine, 1980, this led to only a very slight advantage after 10 R-B1, P-B4; 11 B-K2, PxBP 12 QPxBP, PxP, 13 P-N5, B-N2, 14 Q-B2, P-QR3, 15 PxP, RxP, 16 NxP. Filguth's 5 . P-B4 challenged Browne to a committing advance in the center, but after 6 N-B3; N-B3; 7 Q-R4, Q-B1; 8 P-Q5, he discovered that 8... PxP; 9 PxP, BxB; 10 KxB, N-QR4; 11 P-K4 would not

have allowed a way to escape the

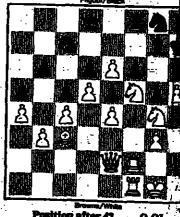
threat of 12 P-K5. After 10 B-Q3 (10 P-K5?, N-N5), it was evident that Filguth's plans for counterplay against the White center had not materialized. Nonetheless, it was not easy to proceed against his solid, though constricted, position.

There was an opportunity for much-needed simplification with 16 . . N-R7!?; 17 NxN, BxNch; 18 K-R1, B-B5, but Filguth let it pass. Browne's not-so-innocent 20 B-Q3 threatened to gain a piece with 21 P-K5!, thus forcing the return 20 . . . N-B3.

The effect of locking the center with 21 . . . P-K4 was to give White an unmolestable initiative on the kingside, but opening the center. would have enhanced Browne's mo-

Browne's maneuver 31 B-K2, 32 B-KN4 and 33 B-K6 brought his KB to its optimum square, but what was he to do after 34 . . . N-QN1? His 35 P-B5, BxB; 36 BPxB ran the risk that Filguth would find a way to permanently block the position.

However, the Brazilian went wrong almost at once with 37 . . . N-R3; 38 R/I-KB1, N-B2; 39 P-R5, P-KN4; 40



Position after 42 ... Q-QI

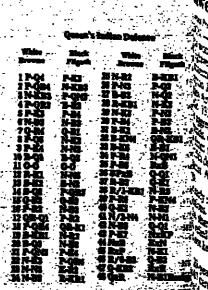
N/2-N4, N-K1, it would have bedifficult indeed for Browne to per trate the Black position. Moreow 37 . . . Q-K1? was totally ineffects since after 41 N/2-N4, it was impos ble to play 41. QxKRI without losing a queen to 42 NxPcits on 42. Q-Ql, Browne end neered the decisive breakthrough with 43 P-KTI N-KB. 44 N-B.

43 P-K7!, NxKP; 44 NxB, KxN; 42 RxP. After 45 ... N-K1, he cope have won the KRP starting with have won the REF statement was over whelming and he was out for bigg

things.

In the midst of playing 48

B1, Filguth noticed that he was about to be crushed by 49 NxKP!, PxN, 4 BxPch, QxB; 51 Q-B7mate, so, to 4 cape embarrassment, he threw in





محد إلى الممل

urns Again Finds Himself 18 Holes From a Dream'

By John Feinstein

MORE, Pa - George has been this route before. s led golf tournaments after les, after 63 holes, after 70 md always found a way, in rds, "to kick them away." rday night, after three su-

rounds at the Merion Golf Burns was 18 holes away viping out those bad memoemphatic fashion. At 7-un-r 203, he was leading the Open by three shots. His was the lowest 54 hole total 81 year history of the tour-

18 holes away from a Burns said after shooting 68 on a day when rain softhe course early and wind ted it late. "I've got a long o go. I just want to go out row and make 18 pars and other guys shoot at it." other guys will have to

the lights out to catch Burns. osest is David Graham, who

Top Officials Rescind

Penalty for Golf Delay

By Gordon S. White Ir.

RDMORE, Pa. - In a highly unusual move by three top offi-

Is of the U.S. Golf Association, the Special Rules Committee of

U.S. Open championship overruled the association's top rules icial and rescinded a two-stroke penalty against John Schroeder 1 Forrest Fezier for slow play Friday in the Open's second

The penalties were assessed by P.J. Boatwright Jr., the USGA's rules official. Schroeder, who has a reputation as the slowest

eyer on the PGA Tour, and Fezler were notified by Boatwright

add two strokes to their cards as they walked off the 18th green

Schroeder and Fezler immediately appealed to the rules com-

ttee and, with John Brodie, the other member of the threesome,

re quickly granted a hearing in the clubhouse of the Merion

Boatwright, a member of the rules committee, gave his reasons

imposing the penalty, defined in rule 37-7 as "undue delay." en Schroeder and Fezler defended themselves with the help of

odie, an amateur golfer and the former quarterback with the

As a result, Schroeder kept his score of 2-under 68 for a 139

tal midway through the Open. Fezler shot 74 for 142. Brodie

id rounds of 80 and 82, and failed to make the cut. On Saturday,

stroeder carded a 69 to leave him tied for fourth place at 208.

zeler shot a 71 and was far back at 213. Had Boatwright's penal-

been upheld, it would not have prevented Fezler and Schroeder

om going on to the third round, but it would have had an effect

The committee members who upheld the two professional golf-

s were Will F. Nicholson Jr., president of the USGA; James R.

and, a vice president of the association, and William J. Williams

rules and competitions and, as such, the leading official on the

1-Best Legal Long Jump

merican, 19, Records

Fillo r. USGA secretary. Boatwright is the USGA executive director

surse during USGA competitions.

By Robert Facher

RAMENTO, Calif. — Carl

19 years old, jumped 28 feet
thes Saturday night, the secest legal long jump ever, then
across Hughes Stadium 45
es later and outran an out-

- = -ng field in the 100 meters in

d U.S. track and field cham-

Jesse Owens in 1936 to win

ig and field events in this

riday, dipped below the al-

ne 10,000 fans and numerous maphers waiting expectant-

did not disappoint them.

the landed it was obvious the

nad been a good one. There

Moment of Suspense

matching the double he ed in the NCAA champion-

is thus became the first man

n Francisco 49ers. The committee then voted, 3-1, against im-

minutes after the group ahead of them.

had 70 on Saturday and was at 206. Bill Rogers, virtually unnot-tee, he made a mental mistake. "I iced most of the day, was third at 207, followed by lack Nicklaus, John Schroeder and Chi Chi Rodriguez as 208.

Ben Crenshaw, who shot 64 to tie the course record, led four players at 209. The others were firstround leader Jim Thorpe, who had 70 on Saturday, John Cook (71) and Tommy Valentine (72). Tom Watson, who 24 hours ago pro-nounced himself "excited" about his chances, shot those chances downwith a triple bogey 7 at the 15th hole, finishing with a 73 for

If Burns withstands the pressure of leading the Open and becomes champion, the 11th hole at Merion, the hole where Bobby Jones completed his Grand Slam 51 years ago, will have added another slightly implausible tale to its already rich history.

Burns came to 11 on Saturday 7 under par, leading Graham, his playing partner, by two shots and

completely misjudged the situation," he said later. The hole was playing downwind and I should have hit a 3 iron. Instead, I hit the two and got it left."

The ball landed in some cable mowings, grass that has been turned over to lay television cables, meaning that there was grass flopped over on top of Burns' ball.

Burns tried to punch a pitching wedge, trying to get the ball out of the grass and near the green. But as he swung through the ball, the rass got hold of the club before the club got to the ball and he yanked the shot even further left, into the trees, and, crucially, behind a gallery bleacher

"I really yanked it." Burns said.
"I thought when I saw it rolling in there that I might be there the rest of the afternoon.

Lucky Break

Graham, already safely on in two, had one thought as he stood on the green. "He might make a 7 from that spot.

But when Burns arrived at the wayward ball he found help waiting in the form of six USGA officials. The bleacher was directly be-tween Burns' ball, sitting in high, twisted grass, and the green.

Under the rules, Burns was entitled to line of sight relief, meaning he could move the ball to a spot where the bleacher was not in his

Thus, Burns picked the ball up from its horrid lie and moved it 23 yards to his right, where he dropped it. He still had a tough chip and he left it just short of the green. From there he pitched to six feet. He made the putt and es-caped with one of the luckiest bogevs in Open history

Burns smiled. "If I'd had to play the ball from where it was I don't know what I would have made." he said. "In the days of Bobby Jones there wouldn't have been any bleachers and I would have had to play the ball from there. But, that's the way this game is, sometimes you get lucky."

Like Dominoes

The rest of the day he was good, very good. This was a day when the leaders expected to tear tiny Merion to shreds.

Eight players, led by Crenshaw, had posted scores of 68 or better early in the day, the greens being softened by the rain. Crenshaw had declared the course "almost defenseless" after his round, saying he expected his chances to "float away" as the afternoon wore on and the leaders attacked the seemingly vulnerable 6,544-yard

It never happened. One by one those on the leader board met disaster. Watson's triple-bogey was one of three by contenders. Greg Norman, the white-maned Australian, took one at number 12 to go from 2 under par to 1 over, where he eventually finished. Bill under until he made 6 at the tiny 129 yard 13th, taking three shots from the back bunker. Nicklaus and Valentine

each made a double-bogey at 14.

The key for me has been avoiding those two shot disasters," Burns said. "I've had chances to have that happen, like at 11, but I

Villeneuve Captures Spanish Grand Prix

George Burns holds a glove in his mouth as he checks the

progress of the ball during the U.S. Open golf tournament in

Ardmore, Pa. Burns leads by three strokes after three rounds.

JARAMA, Spain - Gilles Villeneuve, a Canadian, powered his Ferrari to a second consecutive Formula One victory Sunday, racing stubbornly to hold on to an early lead in the Spanish Grand Prix and defeat Jacques Laffite by 21 hundredths of a second.

Villeneuve, starting from the fourth row on the grid, took over the lead on the 13th lap when Alan Jones, in a Williams, went off at a hairpin turn and dropped out of contention.

The Canadian, driving in the 104-degree Fahrenheit heat, covered the 80-lap. 169-mile course in I hour, 46 minutes and 35.01 seconds. He was followed by Laffite of France, in a Talbot Ligier. John Watson of Britain took third place in a McLaren.

Reutemann Keeps Lead

Villeneuve was unable to improve his position in the world championship, where Jones's stablemate, Carlos Reutemann of Argentina, maintained his lead with 37 points despite a fourth-place finish. But Villeneuve improved his total points to 21 after back-to-back victories here and at Monaco three weeks ago.

"The heat was a very big enemy for the drivers and for the cars," Villeneuve said. "Ferrari did very well and I had no trouble with my car. Without any doubt, we're on

Forghieri, was pleased by the way his car stood up in the hot weather. "Villeneuve drove very fast to-day," he said. "But at the same time, he respected his car and was perfectly in control in the face of all attacks from Reutemann and

tically to change the accelerator on Eddie Cheever's car. After 40 laps, Villeneuve stub-The Ferrari engineer, Mauro bornly kept his lead, just 54 hundredths of a second ahead of the veteran Reutemann

Prost shot off the track in the same hairpin that got Jones and was forced to abandon, with Watson taking third ahead of Laffite and Piquet, who made a strong comeback after his skid off the

problems with no major incidents,

although several drivers rans into

trouble on the same hairpin turn

After 13 laps, Jones lost the lead

when he was forced to make a pit

was back in the race quickly, but

The Canadian then engaged in a

nip-and-tuck battle with Reu-

temann, who was less than three

car-lengths behind. Reutemann, who has finished 1-2 with Jones

twice this year, was pushing for

every possible opening to pass the

On the 24th lap, Nelson Piquet

and Mario Andretti, early chal-

lengers for the lead, powered off

the tarmac at the end of the finish

straight — the same spot that gave Jones trouble — and fell behind.

Patrese Abandons

abandon the race when his Arrows

lost its brakes on the 24th, while

the Tyrrell mechanics worked fran-

Riccardo Patrese of Italy had to

stop after veering off the track. He

that bothered Jones.

Lassite and Watson passed Reutemann on the 60th lap.

SPANISH GRAND PRIX Gilles Villeneuve, Canado, Ferrari, 1.46:35.01. Jocques Lathte, France, Talbot, 1:46:35.22. John Watson, Britoni, McIaren, 1:46:35.38. Carlos Reutemann, Argentina, Williams,

3. Eulo de Ampeil, Fritoin, Lotus, F.Ac.Ja.C., 6 Nigel Manselt, Britoin, Lotus, F.47:30.58, 7. Alan Jones, Australia, Williams, 1:47:31.58, 8. Mario Andretti, U.S., Alfo Romeo, 1:47:35.80, 9. Rete Arnous, France, Renault. 1 67:42.08, 10. Bruna. Glacamelli, Ilialy, Alfo Romeo

GRAND PRIX STANDINGS

Leffite, 17. Riccardo P 8. Riccardo Pairese, Hary, Arroya. 7. De Angelis, 7 8. Eadle Cheever, U.S., Tyrell, 5. 8. Dider Pironi, France, Ferrari. 5. and its 104th lawn tennis chamyouths. pionships, which begin Monday, were under public attack. Blessed Saturday with unaccus-

tomed sunshine and cathedral silence, these famous grounds lay serene, the solitary preserve of a few dozen practicing players and idle This was the afternoon to see

By Thomas Boswell

Washington Post Service

rains here constantly. It's always

cold. The courts get chewed up. The

conditions are just bad. There's

nothing championship about this

iournament except its prestige." —

LONDON - Wimbledon was at

Few would guess that this All-

its placid, engaging, introductory

England Tennis and Croquet Club

John McEnroe.

best over the weekend.

John McEnroe and Jimmy Con-nors, the second and third seeds who almost came to blows on Center Court last year, duel for an hour on an obscure side court as though a silver plate were at stake ... and then walk off as practicetime buddies and soon-to-be U.S. Davis Cup teammates. "We're just trying to decide who's skinnier and more misunderstood," McEn-

This was the morning to see Chris Evert Lloyd, the top women's seed, practicing like a serveand-volley wild woman with Virginia Wade. "I'm gonna be mean this year," Lloyd said with a mock snarl. "I'm sick of losing here. Enough is enough.

Gardens and Grace

Jones, the early leader, remains Like the Masters in golf, Wimsecond in the championship with 24 points, followed by Nelson Pibledon is one of those perennial sports paradoxes: a collision of eliquet of Brazil with 22, Laffite with tist esthetics and democratic eth-, and Riccardo Patrese with 10. Of the 26 starters, nine had to ics. Nothing is harder to justify than vested privilege; Wim-bledon's only justification is its abandon the race, which was attended by King Juan Carlos. Most drop-outs suffered mechanical

Once credential-checking constables have sifted out the annointed and the appointed who are allowed on the grounds, it would be hard for a man's spirits to get too riled. Here, two odors seem to mix hydrangeas and history.

Look on any court and there seems to be a whiff of past Wimhad dropped to loth place with bledons begging to be savored

> But there will undoubtedly be more banner headlines, like the one in the Observer this week, which asked. "Is Wimbledon a racket?" Or like the BBC documentary that grilled All-England Club members for their apparently much greater interest in maximizing profits than in giving a leg up to Britain's pathetic tennis pro-

It was inevitable that someone would eventually ask how Wimbledon could gross \$5 million a year and give back the merest pittance - less than a tithe - to society. It took England more than a century to get around to the job; the country is in the midst of a fit of social conscience, much to Wimbledon's temporary distress.

ing high off the profits that should rightly belong to British tennis?"

Transactions BASEBALL

BASEBALL
American Leopue
CHICAGO—Signed Jim Suttor, Al Jones and
John Hordy, Blichers; Donn Koch, colcher;
James Harris, butliefder, and Bill Crayfor, fillrd
bosemat.

boseman.
MINNESOTA—Signed Doug Fregin, plicher.
Mallomal League
CHICAGO—Signed Walt Beede, lirst boseman,
and Mark Nowlin, pitcher.
BASKETBALL

National Basketball Association PHOENIX—Signed Alvin Scott, forward, to c

FOOTBALL
National Football League
CINCINNATI—Acquired Mai Lunsford, del
sive and, from the New England Patriots for undisclosed consideration."
HOUSTON—Signed Avon Riley, linebocker;
David Horning, Douglas Lantz, Frankie Lindsey, Ernie Ragers, and Grea Tyler.
NEW YORK GIANTS—Announced that John

NEW YORK GIANTS—Announced that John Mistler, wide receiver; Bill Neil, defensive tock-le; Mel Hoover, wide receiver; Louis Jackson, running back; and Billy Ard, offensive guard, had agreed to terms.

SAN FRANCISCO—Announced that Jack Reynolds. Ilinebacker, had agreed to terms.

WASHINGTON—Signed Devter Mantey, defensive end; Gary Savre, offensive guard; Darry Grant, backle; Phil Kessel, quarterback; and Allon & Constructive forces.

llan Kennedv: tockie. HOCKEY Noticeal Hockey League
WINNIPEG—Signed Bengi Lundholm,

the Observer asked, and then answered: "Yes." "Look at Wimbledon honestly. It

And the hard, ugly numbers follow. Wimbledon, you see, has been investigated by the British government. A year ago, the minister of sport set up something called the Smith Committee to look at the lords of the All-England Club. The committee found that the club's cash in hand exceeded \$4 million. While spending \$6 million last year on improving its grandstand, the club spent only \$60,000 on coaching and training for British

Amid Hydrangeas and History,

Players Take Wimbledon Stage

When Wimbledon's annual \$2.5 million in the till is weighed against the club's paltry \$300,000 contribution to the nation's tennis cause, the question being raised loudly here is: Where is the odd \$1 million or so getting sidetracked?

Fortunately for the club, emphasis will soon shift from its books to its beautiful event.

The sun shone so fiercely Saturday afternoon — once almost breaking through the clouds that Connors looked up in disbelief and said. "The entire English summer has just been condensed into one hour. And it will be over

Tennis is, above all, the aristocracy's form of fisticulfs; it is sustained, one-on-one combat testing both skill and personality. This mannerly, non-contact sport de-mands the sort of strong, often colorful character usually associated with the most brash and visceral

Last year, in the semifinals, Connors told the pouting and complaining McEnroe, eye-to-eye

at the changeover, "My little baby has better manners than you do. McEnroe answered with a curse.

These two men who have the best chance to end Bjorn Borg's streak of five consecutive Wimbledon titles (35 straight matches) exchanged only pleasantries and grunts this day. The banter was lightweight: the concussive hitting was heavyweight.

From all quadrants, groundsmen and workers gathered at re-mote court No. 11 until the pair of stubble-bearded. lean-and-lightning belters were surrounded by chaps in knee-length white coats. McEnroe, suddenly realizing the bizarre nature of their silent gal-lery, said, "Well, Jim, they've always said that someday they'd have to send out the guys in the white coats for us."

For Lloyd, twice champion here, this was one more occasion when she could yow — finally — to be more aggressive on grass. Then laugh at herself, knowing she has made that resolution before. "Ginny's refused to hit with me unless I promise to serve and volley every point," she said with a grin.

While the side courts buzzed with activity, the stately Center Court and Court No. 1 were empy. Both resemble, more than anything else, enormous replicas of Shakespeare's Globe Theater with an emerald stage set in the center, ready for tennis in the round.

And now, the tennis world waits to see if this will be the summer when Borg gives his rendition of perhaps h
"Bjorn VI." his next masterpiece,



Tracy Austin, who missed most of the winter tennis circuit with a back injury, seems to be healthy for Wimbledon after beating Andrea Jaeger, 6-3, 6-4, in the final at Eastbourne, England

Austin Repeats as Titlist In Pre-Wimbledon Tune-up

Bv Neil Amdur

New York Times Service
EASTBOURNE England Two weeks ago, Tracy Austin sat in a locker room in West Berlin and cried, her body encased in eight icebags and her hopes of playing at Wimbledon diministed by persistent back pains and limited mobility.

Saturday, on the eve of tennis's most celebrated tournament, Ausun achieved a 6-3, 6-4 victory over Andrea Jaeger in the final of the grass court event here. The tri-umph, in I hour 13 minutes.must be taken as a sign that she has re-gained much of her form and movement at the right time.

In sweeping the final Wimbledon tune-up for the second straight year, Austin ran through six opponents: Betsy Nagelsen, Anne Hobbs, Joe Durie, Anne Smith, Barbara Potter and Jaeger. She considered her renewed confidence more important than having to decide whether to accept the \$18,000 in prize money or a car valued at \$28,000 (she already has one BMW and two Porches).

"I feel i did better than I expected," Austin, 18, said before returning to her hotel for a 20-minute ice treatment. "I had no idea how well I'd do. With only one tournament in the last five months, I wasn't really match-tough."

Last year, after her triumph bere, she said she felt ready for the first time to challenge for the Wimbledon title. She reached the semifinals, then bowed to Evonne Goolagong Cawley, the eventual champion. This year she repeated that theme, stressing that her recent absence from the tour would lessen her burden now. "I think Chris has more pres-

sure, definitely, considering her record." she said, referring to topseeded Chris Evert Lloyd, who bypassed Eastbourne and has not faced Austin since the semifinals of last year's U.S. Open. "Hana Mandlikova has pressure on her. too. I'd like to see how she comes through. To go from No. 5 on the computer to the No. 2 seed at Wimbledon, people are going to expect a lot from her."

Jaeger, who beat Austin in three sets five weeks ago at an eightplayer event in Tokyo, had reached the final with a three-set victory over Martina Navratilova. Jaeger only six points in his five service seemed eager to prove that her No. games.

5 Wimbledon seeding was a mistake (she is No. 4 in the world rankings). But she was impatient Saturday, allowing Austin to con-

trol the rallies. A Different Rivalry

Serving at 1-all, 15-30, after an early exchange of service breaks, Austin drove a deep forehand across court that appeared to spray chalk on the baseline. "The ball was out," Jaeger told the umpire, after the point had gone to Austin. "Why does the white show if the ball was out?" Austin shot back

from across the net. This was the eighth meeting betweeen the two American teen-agers, including the Tokyo exhibi-tion, and Austin has won seven times. But the rivalry has changed Jaeger, 16, can match pace with Austin. She may not be as weighty off the ground, but is equal in depth and angle.

Jaeger skidded to 0-4 in the second set, hitting without purpose admittedly "going for too much." But she scrambled back to 4-all in an eighth game that further dramatized the testy aspect of the rivalry. Another baseline call provoked the unrest. Serving at 30-40, Austin

thought Jaeger's deep backhand had gone long, but the umpire overruled the linesman and called good. Do you only overrule for her?"

"That was most unfair," Derek Aris, the umptre, retorted,

Tanner Is Upset In Bristol Final

The Associated Press

BRISTOL, England - Mark Edmondson of Australia served in great style Saturday to defeat Roscoe Tanner, 6-3, 5-7, 6-4, in the final of the grass-court tennis tournament here.

For Tanner, the defeat was a blow to his prestige two days before the start of Wimbledon, where he is seeded No. 8. Edmondson is not seeded. Tanner said afterward: "I don't think I played that badly, but all credit to Mark. He was simply in great form." Edmondson ran through the

first set in 24 minutes, dropping

Players' Lawyer Alleges Grebey Scheme

10 years, someone other than

shot put. With Seidler retired,

Steve Scott and Sydney Marce,

Denise Wood prevailed at 55-5%.

meanwhile, tuned up for their ex-pected duel in Sunday night's

1,500-meter final here by runnig 1-2 in a preliminary race Friday, with Scott winning in a leisurely

wo weeks ago.

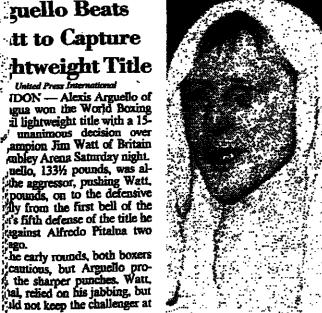
word legal was the key dife between Saturday night's
ump and Lewis' 28-7% pernce in Friday night's qualifyhe wind, measured at 10.21 Washington Post Service
WASHINGTON — Don Fehr, the general counsel of the Major League Baseball Players Associasaid Saturday he believed that Ray Grebey, the owners' chief negotiator, has a predetermined schedule for how and when to ie 4.47 mph on Saturday as stood a: he head of the runprogress in the stalled negotia-

> "I think there is a good likeli-hood that everything is being done according to a prearranged schednle." Fehr said.

> When negotiations broke off Friday, the players representing the union said the strike was orchestrated and organized by Grebey and the owners' Player Relations Committee.

Fehr went further Saturday. "I think the likelihood is that within to be players to bear them. ening to beat them over the head with the strike until they cave in. If they don't cave in, there will be a

another series of threats against



29-year-old Nicaraguan las 67 career victories. He has world titles in the feathght junior lightweight and ..15 rounds later.

them ... It's flat out intimida-

Grebey said: "This is not an or-ganized strike. We didn't call the strike. We'd all be much better off back at the bargaining table rather than engaging in public rhetoric and emotional statements. Our prearranged schedule was to be at the bargaining table today [Satur-

day]."
The strike was in its tenth day Sunday. The season lasts 180 days and a player must have 172 days in order to get credit for a full year's service under the free agent and pension systems. So, unless the players are given service credit for the time they are on strike, those who would become free agents at the end of this year would become ineligible after Saturday, the ninth

Grebey has said repeatedly that the owners would not give credit for strike days. "It is fair to say that it is standard practice in strikes that people striking don't get paid, pension service credit or seniority. Baseball is no different,"

Grebey said. The players association has maintained that they will not settle without it. Fehr said, "One of the things they wanted was to get past the ninth day, so they could use this against the players."

The longer the strike goes on, the more ancillary issues there will be to solve, complicating the terms for a settlement

If the strike lasts as long as the All-Star game, scheduled to be played July 14, the pension contributions that would be made to the players would also come into question. The owners are supposed to contribute \$2.4 million to the players' pension fund after the All-Star

Pole Vault Record Set by Frenchman

United Press International MACON, France - Thierry Vigneron of France set a world pole vault record Saturday with a leap of 5.80 meters during an interna-tional track and field meet in this Burgundy town.

The previous record was established July 30, 1980 by Wladyslaw Kozakiewicz of Poland, who cleared 5.78 meters during the Moscow Olympic Games.

about \$13.1 million to the players. The players association con-

tends that the owners will not be excused from making those contributions, in the event the strike goes that long, because they be-lieve the owners have engaged in an unfair labor practice and have failed to bargain in good faith. A hearing on that charge is scheduled to begin June 29.

The owners had been scheduled to meet Wednesday in Kansas City, to discuss broadcast contracts and to get an update on the strike negotiations. But Grebey said the meeting had been can-

5. Ello de Angelis. Hgly, Lotus. 1:46:Ja.25.

Janes. 24 3. Nelson Piquet, Brazil, Scotharn, 22.



HISTORIC ROUT — Captain Graham Mourie forcing Scotland's John Rutherford wide as New Zealand beat the touring Scots in Auckland, 40-15, piling up the biggest All Black score in rugby union test history. The hosts, playing in white jerseys Saturday to avoid televised confusion with the Scottish blue, scored seven tries to remain unbeaten by Scotland in 11 matches since 1905. Mourie's men had won the first of the tour's two tests, 11-4, in Dunedin.

moment of suspense while flags were raised at both point and wind gauge, then r he dramatic announcement. jump broke Bob Beamon's s Stadium record of 27-4 set 3, the same year Beamon es-ed the world record of 29the Mexico City Olympics. ly other 28-plus legal jump utz Dombrowski's winning of 28-14 at the 1980 Olymin Moses, unbeaten in the rediate hurdles since 1977, I into Sunday's final in 50.18 is. And, for the first time in guello Beats tt to Capture

United Press In

/eight categories.

'In' and 'Out' Words

NEW YORK — Only fuddyduddies go to the gym, or to the drugstore, or to Europe; the upscale (formerly hoity-toity) crowd goes to the spa, or to the pharmacy, or to the Continent. The truly avant-garde know that nobody who is avant-garde uses avant-garde anymore: They are the trendies, or the

cutting edge.
If you think of yourself as mid-dle-aged, life is dle-aged, life is passing you by; on the other hand, if you are in midlife, it is you who are passing life by. Similarly, if you are divorced, you Safire

divorced, you same may consider yourself damaged goods, but if you are newly single. been through a character-building experience.

Language has always revealed caste. A generation ago, Prof. Alan C. Ross pioneered "U" and "Non-U," and recently Phyllis Martin came up with a list of plus-andminus words to suggest usage that separates the out-of-it from the on-

A decade ago, the passé people would say rich while the with-it types would say affluent; now the passe say affluent and the with-its say wealthy; in the same way, there used to be a split on davenport and sofa; now the split is between sofa and couch. The graveyard was replaced by the cemetery. which is now prettified as the me-morial park. People who used to

Court in Zurich

Sentences 'Artist'

ZURICH - A man who decorated Zurich walls with 1,500 pictures and designs in a two-year spray-painting spree was sentenced to nine months in jail for defacing

The Associated Press

The appeals court Friday upheld an earlier conviction, increasing the previous six-month suspended sentence against 41-year-old Harald Naegeli because he was unre-

It also confirmed an earlier order that Mr. Naegeli pay 101,534 francs (\$49,771) — to absorb part of the cost of cleaning up his artis-

ANNOUNCEMENTS

people who said record player; now they in turn are looked down upon by those who say turntable. Cock your ear: When was the last time you heard a young, rich-af-fluent-wealthy type use the phrase railroad station? Upper-class use is

When the moral of the story is the bottom line, the fact of the matter becomes the reality of the situation. You like raw vegetables? I'll take crudités. You read the Bible? I study Scriptures. Are you carrying a watch in your briefcase to give as a present? I'm carrying a timepiece in my attache case to give as a gift.

Here is what is happening around the house: **PLUS** MINUS porch deck stove oven fixture socket coffee table cocktail table

aquarium wali system fish tank row house Outside, what used to be the bushes are the shrubs.

Now step into the kitchen: coffeepot coffee maker washing machine washer

dishwiper Poke your head in the closet: bathrobe hostess gown trunks shorts running shoes pocketbook

handbag

hose stockings, Sometimes the switch to classiness is an advertising euphemism, as in the change from costume jewelry to fashion jewelry, or, loosely, from girdle to control-top panty hose. Often the switch is simply to get away from the familiar: rouge becomes blusher, perfume — even perfume — becomes fragrance. (Perfume is for the

are in. In religion, the upper crust takes saved and turns it into born again; the Holy Rollers are now charismatics. Pride goeth before a hubris, and if Emerson were writing his essay today. "On Friendship " would be "On Relation-

poor.) Pimples are out; blemishes

What is dirty to the seedy is adult to the preppie; what is a pinky to the plain is a little finger to the handsome; what gets Out people mad gets In people hostile. And if your boss threatens to fire you, put him down with "You can't outplace me - I quit!" New York Times Service

The Ultimate Two-Career Marriage

Couple Redefines 'Diplomacy'

By Lynn Rosellini

New York Times Seruc

WASHINGTON — He gets the Hindu cloth painting. She gets the Persian miniatures. He gets the two Lhasa Apso dogs. She gets the textiles from

They will divide the Persian rugs and the Mozart and Haydn records between them, but he gets most of the Burpee seed packets she ordered for the garden. And that leaves the touchy question of the Christmas decorations, "After all," Jane Coon observed, "we'll each want a Christmas tree in our residence."

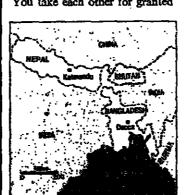
It has been like this ever since Jane and Carlton Coon decided to split up, in a manner of speakng. "Will the dogs be happier in Katmandu? they ask each other. *Can one grow tomatoes in Dacca? Can a good marriage withstand having two ambassadors in the family?

Together but Apart

It is not the Coons' marriage that is breaking up, just their living arrangements. In a few weeks Jane A. Coon is expected to take up her new post as U.S. ambassador in Dacca, Bangladesh, At about the same time Carleton S. Coon Jr. is to assume his assignment as ambassador in Katman-

If this sounds like an odd way to run a marriage, listen:

He: "One argument is, absence makes the heart grow fonder. It may solidify the relationship. You take each other for granted



The New York Time

when you're together all the time. I think it's going to be all right." She: "It's not going to be ideal, but I know I'd be awful hard to

live with if I was unemployed." Mrs. Coon, who is 52 and has short salt-and-pepper hair and the kind of warm sympathetic smile that makes you want to tell her your life story, talks in her State Department office, where she is deputy assistant secretary for Near Eastern and South Asian affairs. Her 54-year-old hus-band was interviewed by telephone while visiting relatives in New Hampshire after the death of his father, the noted anthropologist. Together but apart, the Coons told the story of the ultimate two-career family.

They are not the first U.S. married couple to serve simultaneously as ambassadors. Carol C. Laise, a career officer, and her husband, Ellsworth Bunker, did it in the late 1960s; she was assigned to Nepal and he, a political appointee and an ambassador at large, was later sent to South Vietnam, which was then at war. But the Coons are the first married career Foreign Service officers to rise together to ambassadorial rank.

Carleton Coon Jr., fresh out of Harvard, joined the Foreign Service in 1949 and served in West Germany, Syria, India, Iran, Nepal and Morocco, Jane S. Abell, a Wooster College graduate, appeared to have an equally ing career when she joined the service in 1951, serving in Pakistan and India.

When she and Coon were married in 1968 - they had become friendly while both were assigned to Washington — her career came to a halt. According to State Department regulations then in effect, male Foreign Service officers could marry, but female officers could not. "When I asked her to marry me, I knew that was the price she would have to pay," Coon said. "We felt at the time it was a pretty stiff price."

So while he continued his climb up the diplomatic ladder, she set about rearing his six children, aged 4 to 16, whose mother had died of cancer in 1967.

bassador to Saudi Arabia, who "I found it at least as challeng-

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Ambassadors Carleton S. Coon Jr. and Jane Coon.

ing and rewarding as my Foreign Service career, she said. "I gained a whole new dimension in terms of interpersonal relations." She broke off with a laugh. "That's a dreadful term," she continued. "But I guess during my career years I had been stretched intellectually. During my child-raising years I grew emotionally."

An Eye-Opening Experience

The experience was an eyeopener in other respects. As a Foreign Service wife, traveling with her husband to posts in Nepal and Morocco, Mrs. Coon noticed that people treated her differently than when she was a political officer. At diplomatic receptions she was shunted off to

"women's end of the room." In 1976, after the State Department revised its policy on marriage, Mrs. Coon rejoined the Foreign Service and moved quickly through the ranks. The post she is leaving, deputy assistant secretary, outranks that of her husband - he was director for Algeria, Libya, Morocco and Tunisia - though his longevity has earned him a higher Foreign Service officer rating (FSO 1, \$50,000) than hers (FSO 2 at the same salary).

Coon has served in recent months as liaison to Robert G. Neumann, newly appointed am-

helped direct the Reagan State Department transition team. When it came time to assign the sies, the Coons got their wish to go to almost-adjoining countries. While neither Nepal nor Bangladesh is considered in the first rank among diplomatic posts, Bangladesh, an impover-ished nation beset by political instability — its president, Ziaur Rahman, was assassinated late last month — is viewed as the more important assignment of

Communication between the mountaintop (Katmandu) and the river delta (Dacca), about 500 difficult miles apart, will not be all that easy.
"When I was in the Foreign

Service and Jane'wasn't," Coon said, "I confided in her a great deal and got a lot of useful advice. Then when she was first put on the firing line as country officer for Pakistan, I performed somewhat the same function for

Now such shop talk will be next to impossible. "I doubt whether the State Department lines were set up for us regaling each other in extenso with private stories," he said. "It takes about three days to get a call in to Katmandu." Said his wife: There are a couple of direct flights a week between Dacca and Katmandu. I think it takes about two hours. We hope to get together once a month."

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PEOPLE: N.Y. Mayor Strines Dun. At Fleet Street Criticism N.Y. Mayor Strikes Back

ed, after laughter from the audience: "He said he only wants to be New York Mayor Edward I. Koch, castigated in the British remembered for his work." Bronze press for having quoted a conver-sation in New York with Prince for the bust came from the USS Nantilus, the first U.S. nuclear-Charles about Northern Ireland, powered submarine. On the pedeslobbed a volley across the Atlantic at the British government and Fleet Street. Koch said the British tal below the bust is a bronze plaque that reads, "Hyman G. Rickover, Admiral, U.S. Navy, Father of the Nuclear Navy," Rickover, a were "a little crazy - not the people — the government." British newspapers criticized him for tell-1922 graduate of the academy, was assigned in 1945 to the Manhattan ing reporters that Prince Charles had a "balanced" view of the Northern Ireland situation ex-Project, which developed the atomic bomb. He later served for more than a decade in the Navy's Bupressing sympathy for Irish Cathoreau of Ships and the U.S. Atomic lics as well as showing an under-standing of the Protestant majori-Balergy Commission. He was placed on the Navy's retired list in ty's view. The mayor said a repre-1964, but has remained in the foresentative of the British government front of development of the Navy's had asked him to request that ranuclear-powered fleet. stations and newspapers not use his statements on the conversation. Koch referred to British ac-Two of the nine Marine security tions in Northern Ireland as "abominations," but added that he understood that Prince Charles

guards who were held hostage at the U.S. Embassy in Iran are now guarding U.S. embassies in Fin-land and Indonesia, Marine Corp-officials report. Marine Lt. Joanne had no role in government policy. Of Fleet Street, the mayor said, Schilling said Sgt. Gregory Persinger, 23, started work at the embassy in Jakarta on June 11, and Sgr. James Lopez, 23, assumed his embassy guard post in Helsinki in late May. Persinger had been a guard at the U.S. Embassy in Tabassy from August 1970 until The London Sun, accusing Koch of "exploiting the tragedy of Ire-land," said he "would be better off violence and squalor in New York Tehran from August, 1979, until the embassy takeover on Nov. 4, 1979. Lopez had been with the embassy guard in Iran less than a 73, he is thinking of the day when he takes his "final curtain call" month when the mission was seized by Moslem militants. They but before that happens, there are five more plays he'd like to be in. Harrison, in Boston with his tourwere given the opening of their choice. I'm not aware of what their desires were in choosing thos posts, but I know Persinger had a ways wanted Indonesia," Schillir

> extremes. The New Zealand explorer, who won world fame and knighthood in 1953 when he and a Sherpa guide became the first men to scale Mount Everest, now has his sights set on a descent of 6,000 feet (1,820 meters) into one of the world's deepest silver mines. O July 18, Sir Edmund, 62, and Joh Roskelley, a mountain climbs from Spokane, Wash, will descend into the No. 10 shaft at the Sunshine Silver Mine in Kellogs Idaho. The shaft ends at 3,300 fee below sea level; the summit c Mount Everest is 29,141 feet in th opposite direction. Roskelley plan to climb Everest's unconquered east face this fall, and Sir Edmun will appear at a fund-raiser fc Roskelley's expedition. The tw will take an elevator part of the way down the shaft and walk t

Sir Edmund Hillary is going to

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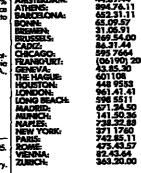
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other VIPs turned out for the

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Md., but, true to character, the 81-

year-old Rickover skipped the cer-

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newest generation of nuclear-

powered subs. "I asked my hus-

band if he had anything he wanted

me to tell you here today," said

Eleonore Rickover, who presided over the unveiling in place of the admiral. "He said, 'No.' " She add-

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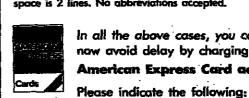
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